友川集團控股有限公司

NEWTREE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

Annual Report 2014/2015

Contents

Corporate Information

Executive Directors

Mr. Wong Wai Sing *(Chairman)*
(resigned as Chief Executive Officer on 11 July 2014)
Mr. Chum Hon Sing *(Joint Vice-Chairman)*
Ms. Sung Ting Yee *(Joint Vice-Chairman and Chief Executive Officer)*
(appointed as Joint Vice-Chairman and Chief Executive Officer on 11 July 2014)
Mr. Lee Chi Shing, Caesar
Ms. Yick Mi Ching, Dawnibilly
Mr. Chan Kin Lung
Ms. Yu Tak Wai, Winnie
(appointed on 11 July 2014)
Mr. Tsang Ho Ka, Eugene
(resigned on 31 July 2014)
Ms. Lu Ying (resigned on 11 July 2014)

Non-Executive Director

Mr. Mok Tsan San (appointed on 27 August 2014)

Independent Non-executive Directors

Mr. Kwok Kam Tim
Mr. Kinley Lincoln James Lloyd
(resigned on 27 February 2015)
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian
(appointed on 27 February 2015)
Mr. Tam Chak Chi (appointed on 14 August 2014)
Mr. Wang Junqiang (retired on 7 August 2014)

Authorised Representatives

Ms. Yu Tak Wai, Winnie
(appointed on 31 July 2014)
Ms. Chan Sau Yee (appointed on 31 October 2014)
Ms. Sung Ting Yee
(appointed on 17 October 2014 and resigned on 31 October 2014)
Mr. Tsang Ho Ka, Eugene
(resigned on 31 July 2014)
Mr. Cheng Man Wah
(resigned on 17 October 2014)

Audit Committee Members

Mr. Kwok Kam Tim *(Chairman)*
Dr. Hui Chik Kwan
Mr. Tam Chak Chi (appointed on 14 August 2014)
Mr. Tso Ping Cheong, Brian
(appointed on 27 February 2015)
Mr. Wang Junqiang (retired on 7 August 2014)
Mr. Kinley Lincoln James Lloyd
(resigned on 27 February 2015)

Remuneration Committee Members

Mr. Tam Chak Chi
(appointed as Chairman on 14 August 2014)
Mr. Kwok Kam Tim
(as Chairman until 14 August 2014)
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian
(appointed on 27 February 2015)
Mr. Wang Junqiang (retired on 7 August 2014)
Mr. Kinley Lincoln James Lloyd
(resigned on 27 February 2015)

Nomination Committee Members

Mr. Tso Ping Cheong, Brian *(Chairman)*
(appointed on 27 February 2015)
Mr. Kwok Kam Tim
(as Chairman until 14 August 2014)
Dr. Hui Chik Kwan
Mr. Tam Chak Chi (appointed 14 August 2014)
Mr. Kinley Lincoln James Lloyd
(appointed as Chairman on 14 August 2014 and resigned on 27 February 2015)
Mr. Wang Junqiang (retired on 7 August 2014)

Company Secretary

Ms. Chan Sau Yee FCIS FCS
(appointed on 31 October 2014)
Mr. Tsang Ho Ka, Eugene
(resigned on 27 February 2015)
Mr. Cheng Man Wah
(resigned on 17 October 2014)

Corporate Information

Principal Bankers

Bank of China Huizhou Huihuan Sub-branch
Bank of China, Macau Branch
Bank of East Asia, Limited
Bank of Communications Co. Ltd. Hong Kong Branch

Listing Exchange Information

Place of listing: Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 1323

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters

Flat L, 12th Floor
Macau Finance Centre
Rua de Pequim
Macau

Principal Place of Business in Hong Kong

Suites 3505-08, 35/F.,
Tower 6, The Gateway,
Harbour City, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town Grand Cayman
KY1-1110 Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Auditor

Moore Stephens CPA Limited
(appointed on 12 December 2014)
905 Silvercord, Tower 2
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Company's Website

www.newtreegroupholdings.com

CHAIRMAN’S STATEMENT

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Newtree Group Holdings Limited (the "Company"), I am pleased to present to you the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015.

Result of the Group

During the year under review, the Group recorded a revenue of HK$550.2 million (2014: HK$ 581.3 million), represent a slightly decrease of 5.3% as compared to the same period of last year, the decrease was mainly due to the substantial demand for the hygienic disposables products but partially offset by the increase in revenue from the trading of MTBE products. The loss attributable to owners of the Company for the current year amounted to HK$258.9 million as compared to a loss of HK$137.1 million last year. The loss was mainly due to the non-cash impairment loss on trade receivables of approximately HK$106.5 million, impairment loss on goodwill of approximately HK$29.0 million, impairment loss on other intangible assets of approximately HK$12.3 million, impairment loss on interest in an associate of approximately HK$7.4 million and the increase in administrative expenses for the increase in acquisition and business development activities.

Dividend

The Directors do not recommend for payment of a final dividends for the year ended 31 March 2015.

Prospects

Looking ahead, we will continue to focus on the development of our business in different areas to further the distinctive strengths of the Group. The Group will actively pursue high-quality investment opportunities and realise our potential of our existing businesses.

The coming year will no doubt bring its fair share of opportunities and challenges. Nevertheless, I remain confident in our products, services, and people — that they will continue to delight our customers.

Gratitude

I would like to take the opportunities to thank my fellow directors and all our staffs for their continuing commitment, dedication and hard work during the year. I would also like to thank our shareholders, investors, business associates, suppliers and customers for their support which is critical in taking the Company forward to a better future.

Mr. Wong Wai Sing
Chairman

26 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

Business and Financial Review

During the year under review, the Group has been engaged in the Hygienic Disposables Business, MTBE Business, Coal Business, Household Consumables Business, Jewelries and Watches Business, Digital Technology Business and Education Business.

For the year under review, the Group recorded a net loss attributable to owners of the Company (including non-cash impairment losses on goodwill, interest in an associate, other intangible assets and trade receivables totalling to approximately HK$155.2 million) of approximately HK$258.9 million (2014: approximately HK$137.1 million).

Revenue

The Group's revenue decreased by approximately HK$31.1 million or 5.3% from approximately HK$581.3 million for the year ended 31 March 2014 to approximately HK$550.2 million for the corresponding period in 2015.

The following table sets forth a breakdown of the Group's revenue by geographical locations and segments and as a percentage of the Group's total revenue for the year ended 31 March 2015, with comparative figures for the corresponding period in 2014.

	2015 HK$'000	2015 %	2014 HK$'000	2014 %
By Segment:				
Hygienic Disposables Business	98,388	17.9	186,799	32.1
MTBE Business	247,940	45.1	185,527	31.9
Coal Business	111,675	20.3	131,654	22.7
Household Consumables Business	73,363	13.3	77,291	13.3
Jewelries and Watches Business	8,974	1.6	–	–
Digital Technology Business	3,213	0.6	–	–
Education Business	6,684	1.2	–	–
Total	550,237	100.0	581,271	100.0
By geographical locations:				
The People's Republic of China	363,207	66.0	317,181	54.6
United Kingdom	135,385	24.6	202,733	34.9
Norway	21,077	3.8	37,989	6.5
Hong Kong	15,279	2.8	–	–
United States of America	7,735	1.4	19,307	3.3
Singapore	7,192	1.3	2,719	0.4
Estonia	362	0.1	577	0.1
Turkey	–	–	399	0.1
Costa Rica	–	–	366	0.1
	550,237	100.0	581,271	100.0

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Revenue *(Continued)*

The Group's revenue on the Hygienic Disposables Business decreased by approximately HK$88.4 million or 47.3% from approximately HK$186.8 million for the year ended 31 March 2014 to approximately HK$98.4 million for the corresponding period in 2015 mainly due to the substantial decrease in demand for the hygienic disposables products from the European and United States markets. Revenue for MTBE Business increased by approximately HK$62.4 million or 33.6% from approximately HK$185.5 million for the year ended 31 March 2014 to approximately HK$247.9 million for the corresponding period in 2015 mainly due to the increase in trading volume from 21,000 tons in 2014 to 40,000 tons in 2015. Revenue for Coal Business decreased by approximately HK$20.0 million or 15.2% from approximately HK$131.7 million for the year ended 31 March 2014 to approximately HK$111.7 million for the corresponding period in 2015 mainly due to slightly decrease in sales volume and the average selling price of the coal products in current period. The revenue on the Household Consumables Business slightly decreased by HK$3.9 million or 5.1% from HK$77.3 million for the year ended 31 March 2014 to HK$73.4 million for the corresponding period in 2015 resulting from an unfavourable market condition for the household consumable products in the United Kingdom. Since the Jewelries and Watches Business, the Digital Technology Business and Education Business were acquired during the year, no comparative information for these three businesses are shown.

Cost of sales

Cost of sales decreased by approximately HK$52.1 million or 9.3% from approximately HK$559.7 million for the year ended 31 March 2014 to approximately HK$507.6 million for the corresponding period in 2015. The decrease was mainly due to the decrease in revenue of the Hygienic Disposables Business.

Gross profit and gross profit margin

Gross profit increased by approximately HK$21.1 million or 98.0% from approximately HK$21.5 million for the year ended 31 March 2014 to approximately HK$42.6 million for the corresponding period in 2015. The Group's gross profit margin on Hygienic Disposables Business increased from approximately 1.3% for the year ended 31 March 2014 to approximately 10.1% for the corresponding period in 2015 primarily due to increase in average selling price of approximately 11.1% and a slightly decrease in material cost of approximately 1.8%. The gross profit margins for MTBE Business and Coal Business have remained stable for both years ended 31 March 2014 and 2015. The gross profit margin for the Household Consumables Business increased from 12.6% for the year ended 31 March 2014 to 13.6% for the corresponding period in 2015 mainly due to change in product mix for higher profit margin contribution products. Since the Jewelries and Watches Business, the Digital Technology Business and Education Business were acquired during the year, no comparative information for these three business is shown, details of gross profit and gross profit margin of these three businesses are shown in the table below. The gross profit margin of these three newly acquired businesses ranges from 53.7% to 83.5%, in view of the prospect and the future profitability of these three businesses, the Group had confident to bring in more gross profit and improve the overall gross profit margin in the coming year.

Business and Financial Review *(Continued)*

Gross profit and gross profit margin *(Continued)*

The following table sets forth the Group's gross profit and the gross profit margin by business segment for the year ended 31 March 2015, with comparative figures for the corresponding period in 2014.

	Year ended 31 March			
	2015	**2015**	2014	2014
	HK$'000	**%**	HK$'000	%
By segment:				
Hygienic Disposables Business	**9,946**	**10.1**	2,400	1.3
MTBE Business	**5,681**	**2.3**	4,398	2.4
Coal Business	**4,667**	**4.2**	5,035	3.8
Household Consumables Business	**10,003**	**13.6**	9,709	12.6
Jewelries and Watches Business	**4,818**	**53.7**	–	–
Digital Technology Business	**2,683**	**83.5**	–	–
Education Business	**4,865**	**72.8**	–	–
	42,663	**7.8**	21,542	3.7

Other income

Other income mainly consists of service income, bank interest income and sundry income. Other income increased by approximately HK$0.4 million or 34.9% from approximately HK$1.2 million for the year ended 31 March 2014 to approximately HK$1.6 million for the corresponding period in 2015 mainly due to increase in service income from MTBE Business and Coal Business.

Other gains and losses

For the year ended 31 March 2015, the other gains and losses mainly comprises of impairment loss on trade receivables of approximately HK$106.5 million due to certain customers with prolonged delay in repayment which casts doubts on their recoverability, impairment loss on goodwill of approximately HK$29.0 million arising from the increase in the Company's share price which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition of DigiSmart Group, impairment loss on other intangible assets of approximately HK$12.3 million and impairment loss on interest in an associate of approximately HK$7.4 million partially offset by the written back of impairment loss on trade and other receivables of approximately HK$6.9 million due to the subsequent recovery of balance from customers previously impaired, while for the corresponding year in 2014, the other gains and losses mainly comprises of impairment loss on trade and other receivables of approximately HK$56.0 million, impairment loss on other intangible assets of approximately HK$8.5 million and impairment loss on property, plant and equipment of approximately HK$5.4 million for the Hygienic Disposables Business which showed a segment loss.

Further details in relation to the above impairment losses are discussed under heading "Impairments".

Business and Financial Review *(Continued)*

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fee and commission paid to sales agents. The selling and distribution expenses decreased by approximately HK$3.2 million or 36.5% from approximately HK$8.7 million for the year ended 31 March 2014 to approximately HK$5.5 million for the corresponding period in 2015 mainly due to the substantial decrease in sales volume for the Hygienic Disposables Business.

Administrative expenses

Administrative expenses mainly consist of salaries (including directors), legal and professional fee, consultancy fee, rental expenses and management fee paid for the MTBE Business. The administrative expenses increased by approximately HK$63.5 million or 92.5% from approximately HK$68.7 million for the year ended 31 March 2014 to approximately HK$132.2 million for the corresponding period in 2015 mainly due to (i) increase in staff's and directors' salaries of approximately HK$61.7 million due to the increase in acquisition and business development activities; and (ii) increase in rental expenses of approximately HK$3.8 million for new tenancy agreement entered into during the year.

Finance costs

Finance costs consists of effective interest expenses on convertible bonds of approximately HK$16.4 million, imputed interest on the promissory note of approximately HK$0.1 million, the interest expenses on trust receipt loans of approximately HK$0.1 million and interest expenses on other loan of approximately HK$2.1 million. The increase was mainly due to the interest expenses arising from the issue of convertible bonds during the year and other loan raised and repaid during the year.

Other expenses

Other expenses represents legal and professional fee paid to professional parties relating to the acquisition of business into the Group. Other expenses decreased by approximately HK$5.7 million or 53.0% from approximately HK$10.8 million for the year ended 31 March 2014 to approximately HK$5.1 million for the corresponding period in 2015 mainly due to a large portion of the legal and professional fee for the acquisition of Goldbell Holdings Limited ("Goldbell") was incurred in 2014.

Loss before tax

The Group recorded a loss before tax of approximately HK$257.4 million for the year ended 31 March 2015 (as compared to loss before tax of approximately HK$138.1 million for the year ended 31 March 2014), the loss in 2015 were mainly due to the substantial increase in impairment losses on trade receivables, other intangible assets, goodwill and interest in an associate amounting to approximately HK$155.2 million, increase in administrative expenses of approximately HK$63.5 million and increase in finance costs of approximately HK$18.4 million, which was partially offset by the increase in gross profit of approximately HK$21.1 million, decrease in selling and distribution expenses of HK$3.2 million and decrease in other expenses of approximately HK$5.7 million.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Income tax expenses (credit)

The Group recorded a tax expenses of approximately HK$1.7 million during the year ended 31 March 2015 (as compare to the tax credit of approximately HK$0.7 million during the year ended 31 March 2014). There was no significant change in applicable tax rates for the Company's subsidiaries during the year. The subsidiaries operating in Hong Kong is subject to Hong Kong Profits Tax at a rate of 16.5% (2014: 16.5%) for the year. For the subsidiaries operating in the PRC, pursuant to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and implementation Regulation of the EIT Law, the general EIT rate of the PRC entitles is 25% from 1 January 2008 onwards, the major subsidiary operating in the PRC is subject to a tax rate of 25% (2014: 25%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both years.

The major reasons for the significant change in income tax for the year was mainly due to the deferred tax credit related to the amortisation and impairment loss on other intangible assets which increased from approximately HK$1.9 million for the year ended 31 March 2014 to approximately HK$2.3 million in the corresponding period in 2015 and offset by the increase in profits tax for the Group which increased from approximately HK$1.2 million for the year ended 31 March 2014 to approximately HK$4.0 million for the corresponding in 2015. The increase in profits tax mainly comes from the newly acquired Jewelries and Watches Business, Digital Technology Business and Education Business.

Total comprehensive income for the year attributable to owners of the Company

Total comprehensive income for the year attributable to owners of the Company increased by HK$118.0 million from a loss of HK$134.4 million for the year ended 31 March 2014 to loss of HK$252.4 million for the corresponding period in 2015.

Trade receivables

The amount of trade receivables before allowance for bad and doubtful debts amounting to approximately HK$540,475,000 at 31 March 2015, which increased by 48.7% as compared to approximately HK$363,388,000 at 31 March 2014. The increase was mainly attributable to the Coal Business and MTBE business. During the year, allowance for bad and doubtful debts of HK$106,503,000 was made as compared to an allowance of approximately HK$51,043,000 in 2014. For long outstanding receivables, the follow up actions by which the Group will take to recover these receivables, include the negotiation of payments by way of assets other than cash and/or instituting legal actions against these customers to recover the receivables.

Trade payables

Trade payables increased by approximately 86.8% from approximately HK$201,121,000 as at 31 March 2014 to approximately HK$375,791,000 as at 31 March 2015. The increase was mainly come from the increase in purchase for the MTBE Business and the Coal Business.

Business and Financial Review *(Continued)*

Results of performance guarantees on acquisitions

On 16 April 2014, the Group had completed the acquisition of the approximately 10% equity interest in Goldbell Holdings Limited ("Goldbell") and under the acquisition, the vendors have irrevocably guaranteed that the actual audited net profit after tax to the equity holders of Goldbell as prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2014 shall be not less than RMB127,200,000 (the "Guaranteed Profit") and on 14 April 2015, the auditor of Goldbell had issued a written certificate confirming that the Guaranteed Profit has been fulfilled. Further details are set out in the Company's announcement dated 14 April 2015.

Liquidity and financial resources

The Group's principal source of working capital was cash generated from the sales of its products, fund raising by issue of Company's new shares and borrowing by issue of convertible bonds. The Group's current ratio as at 31 March 2015 was 1.1 (as at 31 March 2014: 2.4). The gearing ratio as at 31 March 2015 was approximately 19.4% (as at 31 March 2014: approximately 2.7%), calculated as total borrowings over shareholders' equity.

Currency and interest rate exposure

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2015. The exposure in exchange rate risks mainly arose from fluctuations of United States Dollar ("USD"), Hong Kong Dollar ("HKD"), British Pound ("GBP") and Macau Pataca ("MOP"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD is pegged with HKD. Also, the Group does not have significant monetary financial assets denominated in MOP.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the interest expenses from its trust receipt loan with floating interest rate. The Group's exposure to interest rate risks on bank balances and trust receipt loan, is expected to be minimal.

Trust Receipt loan

The trust receipt loan was denominated in USD, and secured by a pledged bank deposit, corporate guarantee in the amount of USD3,500,000 executed by the Company, and legally notarised livranca (i.e. promissory note) in the amount of USD3,500,000 executed by a subsidiary of the Company. It was repayable within 3 months and interest-bearing at London Interbank Money Market Offered Rate plus 1.9% per annum.

Management Discussion and Analysis

Charge on Assets

A bank deposit of approximately HK$7.8 million and certain leasehold land and buildings with carrying value of approximately HK$12.6 million (as at 31 March 2014: a bank deposit of approximately HK$7.8 million and certain leasehold land and buildings with carrying value of approximately HK$13.6 million) have been pledged as securities for certain banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2015, the Group did not have any material contingent liabilities.

Operating Lease Commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$7,278,000 (2014: approximately HK$3,467,000) under operating leases in respect of office premises, directors' quarter, car-parking space and warehouse during the year.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non cancellable operating leases which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	6,800	7,356
In the second to fifth years inclusive	6,159	10,634
	12,959	17,990

Significant events and material acquisition

(i) Placing of 23,700,000 new shares under general mandate

The Company entered into a placing agreement dated 14 May 2014 with the placing agent pursuant to which the placing agent had conditionally agreed with the Company to place up to 31,840,000 placing shares of the Company on a best effort basis, to not less than six placees who are independent third parties at a placing price of HK$2.45 per placing share.

The placing price represents (i) a discount of approximately 12.19% to the closing price of HK$2.79 per share as quoted on the Stock Exchange of Hong Kong Limited ("Stock Exchange") on 14 May 2014, and (ii) a discount of approximately 12.50% to the average of the closing prices of approximately HK$2.80 per share as quoted on the Stock Exchange for the last five full trading days of the share immediately prior to the date of the placing agreement.

Management Discussion and Analysis

Significant events and material acquisition *(Continued)*

(i) Placing of 23,700,000 new shares under general mandate *(Continued)*

On 6 June 2014, 23,700,000 new shares were placed at HK$2.45 per shares to not less than six placees who are independent third parties. The net proceeds from the placing were approximately HK$56.4 million of which approximately HK$38.0 million had been paid as consideration for the acquisition of the approximately 10% equity interest in Goldbell Holdings Limited ("Goldbell") and approximately HK$3.2 million had been used for the payment of legal and professional fee, approximately HK$3.2 million had been used for the payment of office rental, approximately HK$8.3 million had been used for the payment of directors' fee and staff salaries and approximately HK$3.7 million had been used for the payment other office expenses.

Further details are set out in the Company's announcement dated 14 May 2014 and 6 June 2014 respectively.

(ii) Issue of HK$100,000,000 guaranteed convertible bonds due 2016

On 11 June 2014, the Group entered into a subscription agreement ("Subscription Agreement") with Fulledge Limited ("Fulledge") pursuant to which Fulledge had conditionally agreed to subscribe for, and the Company has agreed to issue, the convertible bonds in the aggregate principal amount of HK$100,000,000 ("Convertible Bonds"). The conversion price ("Conversion Price") is HK$3.20 per share (subjects to adjustments).

The Conversion Price represents (i) a premium of about 1.59% over the closing price of HK$3.150 per share as quoted on the Stock Exchange on 11 June 2014; (ii) a premium of about 1.65% over the average closing price of HK$3.148 per share as quoted on the Stock Exchange of the five consecutive trading days immediately prior to 11 June 2014; and (iii) a premium of about 4.03% over the average closing price of HK$3.076 per share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 11 June 2014.

On 19 June 2014, the Convertible Bonds was issued to Fulledge pursuant to the Subscription Agreement and details of the Convertible Bonds was set out in Note 28. The net proceeds from the issue of Convertible Bonds were approximately HK$96.40 million of which approximately HK$96.0 million had been paid as consideration for the acquisition of the approximately 10% equity interest in Goldbell and approximately HK$0.4 million had been used for the payment of directors' fee and staff salaries.

Further details are set out in the Company's announcement dated 11 June 2014 and 19 June 2014 respectively.

Significant events and material acquisition *(Continued)*

(iii) Completion of discloseable transaction

On 10 July 2014, the Group entered into a conditional acquisition agreement (the "Acquisition Agreement") with two independent vendors (the "Verdors") relating to the acquisition of 1,066 shares of Goldbell (the "Sales Shares"), representing approximately 10% equity interest in Goldbell at the consideration of HK$159 million (the "Consideration"), Goldbell, through its subsidiaries, is principally engaged in the exploration and exploitation of gold mines, and processing, smelting, refining and sales of gold in the PRC. The Consideration was settled by HK$134 million in cash and HK$25 million by the Company's issue of a promissory note.

Pursuant to the Acquisition Agreement, the Vendors undertook to the Group that the consolidated net profit after tax of Goldbell and its subsidiaries attributable to the equity holders of Goldbell as prepared in accordance with Hong Kong Financial Reporting Standards will be not less than RMB127.2 million for the year ending 31 December 2014 (the "Guaranteed Profit"). In this regard, the Vendors agreed to pledge an aggregate of 3,196 shares of Goldbell representing an aggregate of approximately 30% equity interest in Goldbell in favour of the Group as a security of the Guaranteed Profit. If the actual audited consolidated net profit after tax of Goldbell attributable to the equity holders of Goldbell for the year ending 31 December 2014 (the "Actual Profit") be less than the Guaranteed Profit, the Vendors shall compensate the Group in cash, in an amount equal to the difference between the Guaranteed Profit (in RMB) and Actual Profit (in RMB) multiplied by 1.25 times.

Pursuant to the Acquisition Agreement, the Group shall be entitled to serve a notice on the Vendors to require the Vendors to purchase the Sales Shares from the Group at the Consideration or adjusted consideration commencing from 42 months after the completion date. Upon completion, the approximately 10% equity interest in Goldbell was classified as available-for-sale financial assets of the Group.

The acquisition has been completed on 16 July 2014 and further detail are set out in the Company's announcement dated 10 July 2014 and 16 July 2014 respectively.

(iv) Business combination of Tiger Global Group Limited

On 16 September 2014, the Group entered into a conditional acquisition agreement (the "Tiger Acquisition Agreement") with three independent vendors to acquire the entire equity interest in Tiger Global Group Limited ("Tiger Global") at a total consideration of HK$81 million. The consideration was satisfied in full by the Company's allotment and issue of an aggregate of 33,360,790 fully paid shares (the "Consideration Shares") upon completion, the Consideration Shares was allotted and issued at HK$2.428 per shares represented (i) a discount of approximately 6.97% to the closing price of HK$2.61 per share as quoted on the Stock Exchange on 16 September 2014 and (ii) a discount of approximately 9.81% to the average of the closing prices of HK$2.692 per share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Tiger Acquisition Agreement.

Tiger Global together with its subsidiary and associate was principally engaged in the sales and distribution of the trademarked jewelry and watches in the international market. The business combination was completed on 25 September 2014 and further details are set out in the Company's announcement dated 16 September 2014 and 25 September 2014 respectively.

Management Discussion and Analysis

Significant events and material acquisition *(Continued)*

(v) Discloseable and connected transaction in respect of the acquisition of the entire equity interest and shareholder's loan in DigiSmart (Group) Limited ("DigiSmart")

On 16 October 2014, the Company entered into a conditional acquisition agreement with four vendors, among them there are three independent third parties to the Company and one is a connected person to the Company, for the acquisition of the entire equity interest and shareholder's loan in DigiSmart, at an initial consideration of HK$200 million and an earn-out consideration of up to HK$80 million.

The consideration shall be satisfied by the Group as to HK$15 million in cash and by allotment and issue of an aggregate of 79,467,353 consideration shares and up to 34,364,261 earn-out consideration shares at a issue price of HK$2.328 per share. The issue price represents (i) a discount of approximately 9.77% to the closing price of HK$2.58 per share as quoted on the Stock Exchange on 16 October 2014 and (ii) a discount of approximately 9.7% to the average of the closing prices of HK$2.578 per shares as quoted on the Stock Exchange for the five trading days immediately prior to 16 October 2014. The Directors considered that the issue price was fair and reasonable.

The acquisition has been completed on 28 November 2014 and further details are set out in the Company's announcement dated 16 October 2014, circular dated 7 November 2014 and announcement dated 28 November 2014.

(vi) Placing of 21,900,000 new shares under general mandate

The Company entered into a placing agreement dated 15 October 2014 with the placing agent pursuant to which the placing agent had conditionally agreed with the Company to place up to 27,000,000 placing shares of the Company on a best effort basis, to not less than six placees who are independent third parties at a placing price of HK$2.40 per placing share.

The placing price represents (i) a discount of approximately 6.98% to the closing price of HK$ 2.58 per share as quoted on the Stock Exchange on 15 October 2014, and (ii) a discount of approximately 6.98% to the average of the closing prices of approximately HK$2.58 per share as quoted on the Stock Exchange for the last five full trading days of the share immediately prior to the date of the placing agreement.

Significant events and material acquisition *(Continued)*

(vi) Placing of 21,900,000 new shares under general mandate *(Continued)*

On 29 October 2014, 21,900,000 new shares were placed at HK$2.40 per shares to not less than six placees who are independent third parties. The net proceeds from the placing were approximately HK$50.80 million of which HK$4.0 million has been used for repaying the remaining amount of promissory notes issued as consideration in relation to the acquisition of China Indonesia Alliances Coal Investment Company Limited, approximately HK$12.5 million has been used for partial settlement of the promissory notes issued as the consideration in relation to the acquisition of approximately 10% interest in Goldbell, approximately HK$2.1 million had been use for the payment of legal and professional fee in related to the potential acquisition, approximately HK$1.8 million had been used for the payment of office rental, HK$4.0 million has been used for the interest payment of convertible bonds, HK$0.5 million has been used for the partial settlement of the refundable deposit in relation to the possible acquisition of Eco-Mining Innovative Tech Limited, approximately HK$25.0 million has been used for the payment of director's fees and staff salaries and approximately HK$0.9 million has been used for the payment of other office expenses.

Further details are set out in the Company's announcement dated 15 October 2014 and 29 October 2014 respectively.

(vii) Placing of 16,000,000 new shares under general mandate

The Company entered into a placing agreement dated 23 January 2015 with the placing agent pursuant to which the placing agent had conditionally agreed with the Company to place up to 16,000,000 placing shares of the Company on a best effort basis, to not less than six placees who are independent third parties at a placing price of HK$2.53 per placing share.

The placing price represents (i) a discount of approximately 8.66% to the closing price of HK$ 2.77 per share as quoted on the Stock Exchange on 23 January 2015, and (ii) a discount of approximately 8.99% to the average of the closing prices of approximately HK$2.78 per share as quoted on the Stock Exchange for the last five full trading days of the share immediately prior to the date of the placing agreement.

On 4 February 2015, 16,000,000 new shares were placed at HK$2.53 per shares to not less than six placees who are independent third parties. The net proceeds from the placing were approximately HK$38.8 million of which HK$16.5 million has been used for the possible acquisition of 95% equity interest in Eco-Mining Innovative Tech Limited, approximately HK$1.2 million had been use for the payment of legal and professional fee in related to the potential acquisition, approximately HK$3.5 million has been used for the partial settlement of the promissory notes issued the consideration in relation to the acquisition of approximately 10% interest in Goldbell, approximately HK$9.3 million has been used for the settlement of short-term loan, approximately HK$6.3 million has been used for the payment of director's fees and staff salaries and approximately HK$2.0 million has been used for the payment of other office expenses of the Group.

Further details are set out in the Company's announcement dated 23 January 2015 and 4 February 2015 respectively.

Significant events and material acquisition *(Continued)*

(viii) Potential acquisition of 95% equity interest of ECO-Mining Innovative Tech Limited

On 4 February 2015, the Group entered into a conditional acquisition agreement (the "Eco-Mining Acquisition Agreement") with two independent vendors (the "Eco-Mining Vendors") relating to the acquisition of approximately 95% equity interest in ECO-Mining Innovative Tech Limited at the consideration of HK$209 million (the "Eco-Mining Consideration"), and the Eco-Mining Consideration will be settled in (i) HK$15.5 million paid in cash by the Company as a refundable deposit pursuant to the memorandum of understanding; (ii) HK$16.5 million in cash paid as a refundable deposit after signing of the Eco-Mining Acquisition Agreement and (iii) HK$177.0 million by the issue of the promissory notes to Eco-Mining Vendors at completion.

The cash portion of the Eco-Mining Consideration was funded by the proceeds from the placing completed on 4 February 2015, and as certain conditions precedent in relation the acquisition have not been satisfied or waived, the Eco-Mining Acquisition Agreement has lasped on 31 March 2015 and pursuant to the Eco-Mining Acquisition Agreement, the Eco-Mining Vendors returned the full amount of the refundable deposits to the Group subsequent to the reporting date. Further detail are set out in the Company's announcement dated 4 February 2015, 26 February 2015, 31 March 2015 and 9 April 2015 respectively.

Impairments

During the year, the Group had the following impairments:

(i) impairment loss on goodwill of approximately HK$29.0 million relating to the Digital Technology Business and Education Business.

For the Digital Technology Business, the recoverable amount of this unit has been determined to be approximately HK$106.9 million based on a value-in-use calculation with reference to a professional valuation performed by Roma Appraisals Limited ("Roma"). That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the Cash Generating Units ("CGUs") is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 16.31%.

The Group is of the opinion, based on the impairment assessment of the Digital Technology Business CGU, the goodwill allocated to Digital Technology Business CGU is partially impaired by approximately HK$7.8 million which was charged to profit or loss under other gains and losses in the current year. The above impairment losses are mainly attributable to the increase in the fair value of the consideration shares in connection with the acquisition of DigiSmart Group. The market price of shares of the Company has increased by approximately 13.6% from the date of the sale and purchase agreement to the date of completion of the acquisition, which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition, which in turn has resulted in a substantial amount of goodwill being recognised in connection with the acquisition.

Impairments *(Continued)*

(i) impairment loss on goodwill of approximately HK$29.0 million relating to the Digital Technology Business and Education Business. *(Continued)*

For the Education Business, the recoverable amount of this unit has been determined to be approximately HK$99.9 million based on a value-in-use calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 18.12%.

The Group is of the opinion, based on the impairment assessment of the Education Business CGU, the goodwill allocated to Education Business CGU is partially impaired by approximately HK$21.2 million which was charged to profit or loss under other gains and losses in the current year. The above impairment losses are mainly attributable to the increase of fair value of consideration shares in connection with the acquisition of DigiSmart Group. The market price of shares of the Company has increased by approximately 13.6% from the date of the sale and purchase agreement to the date of completion of the acquisition, which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition, which in turn has resulted in a substantial amount of goodwill being recognised in connection with the acquisition.

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

(ii) impairment loss on interest in an associate of approximately HK$7.4 million mainly due to the decline in fair value below cost of an associate.

The recoverable amount of Kwan Lun Precision Jewelry Limited has been determined to be approximately HK$18 million based on a value-in-use calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the associate is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 16.95%.

Impairments *(Continued)*

(iii) impairment loss on other intangible assets of approximately HK$12.3 million relating to the MTBE Sales Contracts and the Coal Sales Contracts.

For the MTBE Sales Contracts, the recoverable amount of this unit has been determined to be approximately HK$9.1 million (including working capital) based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by Great China Appraisal Limited ("GCA"). That calculation covered a period of 13 years. The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period. Cash flows beyond the 2-year projection period approved by management are extrapolated using an estimated growth rate of 2.5%. The post-tax rate used to discount the forecast cash flows is 14.99%.

The Group is of the opinion, based on the impairment assessment of the MTBE Business CGU, the MTBE Sales Contract included in other intangible assets is partially impaired by approximately HK$4.6 million and corresponding decrease in the related deferred tax liabilities amounting to approximately HK$758,000. These amounts were charged to profit or loss under other gains and losses and credited to income tax expenses respectively in the current year. The above impairment losses are mainly attributable to unfavourable changes in (i) estimated discount rate; and (ii) risks associated with the business and operations of the MTBE Business CGU.

For the Coal Sales Contracts, the recoverable amount of this unit has been determined to be approximately HK$41.0 million (including working capital) based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by GCA. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period. Cash flow beyond the projection period are extrapolated using an estimated growth rate of 2.5%. The post-tax rate used to discount the forecast cash flows is 12.63%.

The Group is of the opinion, based on the impairment assessment of the Coal Business CGU, the Coal Sales Contract included in other intangible assets is partially impaired by approximately HK$7.7 million and the corresponding decrease in the related deferred tax liabilities amounting to approximately HK$1.3 million. These amounts were charged to profit or loss under other gains and losses and credited to income tax expense respectively in the current year. The above impairment losses are mainly attributable to unfavorable changes in (i) the estimated discount rate; and (ii) risks associated with the business and operations of the Coal Business CGU.

(iv) impairment loss recognised on trade receivables of approximately HK$106.5 million on several customers and companies as these customers and companies were in financial difficulties or have prolonged delay in repayment and the Group considered that the recoverability of amounts due from these customers and companies is remote.

Management Discussion and Analysis

Significant events after the reporting period

Major transaction in relation to the disposal of the entire equity interest and shareholder's loan in Sino-Singapore (Offshore) Chemical Resources Trading Company Limited ("Sino-Singapore")

On 24 June 2015, the Group, through a wholly-owned subsidiary, had entered into a conditional sale and purchase agreement to dispose of the entire equity interest and shareholder's loan in Sino-Singapore to a purchaser who is an independent third party to the Group for a total consideration of HK$16 million which will be settled by cash upon completion.

The shareholder's loan owing by Sino-Singapore to the Group at completion and all obligations, liabilities and debts owing or incurred by Sino-Singapore to the Group on or at any time prior to completion whether, contingent or deferred and irrespective of whether or not the same is due and payable on completion, which as at 31 May 2015 amounted to approximately HK$84.34 million.

The consideration was determined after arm's length negotiations between the Group and the purchaser with reference to (i) the latest unaudited consolidated net liabilities of Sino-Singapore; (ii) the amount of the shareholder's loan; and (iii) the business prospect of Sino-Singapore.

Completion of the transaction is subject to the conditions precedent have been fulfilled or waived on or before 31 August 2015.

The Group is expected to record a gain on disposal of approximately HK$0.6 million and the Group intends to use the net proceeds from the disposal as general working capital of the Group.

Details of the disposal is set out in the announcement of the Company dated 24 June 2015.

Human Resources

The number of employees of the Group as at 31 March 2015 was approximately 164 (2014: 153) whom receive competitive remuneration packages that are constantly monitored in relation to the market, with incentives such as discretionary bonuses based on individual performance. The Group provides a comprehensive benefits package and career development opportunities, including medical benefits and both internal and external training appropriate to each individual's requirements.

Management Discussion and Analysis

Prospects

Hygienic disposables business

With the significant improvement on the gross profit margin for the financial year 2014/15, the Group had confidence to enhance the performance and profit contribution in the coming year despite of a slow growth United States and European market.

MTBE business

The Group had successfully maintain good business relationship with the customer of the MTBE business from the past trading history and unless the disposal of the entire equity interest of Sino-Singapore cannot be completed on or before 31 August 2015, the Group will try our best effort to increase the trading volume in order to improve the revenue and profit contribution in the coming year.

Coal business

The coal contract for the Coal business had been carried out satisfactory in the financial year 2014/15, in view of the growing demand of coal products in PRC the Group will closely work with our customer to expand the trading quantity in the coming year.

Household consumables business

The Group will continue to optimise the product mix for higher profit margin product in order to maintain its position in the competitive household consumables market in the coming year.

Jewelries and watches business

In the coming year, more effort will be spend on the development of the Asia Pacific region market (other than the PRC) in order to gain more market shares for the growing demand in the jewelries and watches products.

Digital technology business

The newly acquired business segment provides a chance to diversify the Group's business area and more resources will be allocated to this rapid changing industry in order to generate a reasonable return to the Group.

Education business

The huge demand for the education related product and services in Hong Kong and PRC provide a good opportunity for the Group to develop in this business segment in the coming year.

Directors, Secretary and Senior Management

Executive Directors

Mr. Wong Wai Sing ("Mr. Wong"), aged 29, the Chairman of the Company, joined the Company in October 2011. Mr. Wong is a member of the Hong Kong Institute of Directors ("HKIoD"). Mr. Wong holds a bachelor of science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the USA and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局) and a diploma of lifestyle medicine for stress management from the Harvard Medical School Department of Continuing Education. Mr. Wong is also the Trade Adviser of the Honorary Consulate of Equatorial Guinea to Bucharest Romania and the Diplomatic Adviser to the Special Representatives for the PRC of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priories. He was also the owner of Colors Securities Limited which is principally engaged in dealing in securities (Type 1), advising on securities (Type 4) and asset management (Type 9) and Colors Commodities Limited which is principally engaged in dealing in futures contracts (Type 2) and advising on futures contracts (Type 5). Mr. Wong was a consultant of a Hong Kong-based medium-sized CPA firm for more than 1 year. He was also a chairman and an executive director of TLT Lottotainment Group Limited (currently known as Evershine Group Holdings Limited), a company incorporated in Hong Kong and the issued shares of which are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange (stock code: 8022), from 17 April 2009 to 31 May 2011. Mr. Wong is currently an executive director and the vice chairman of Capital Finance Holdings Limited ("CFHL"), the issued shares of which are listed on the GEM (stock code: 8239).

Mr. Chum Hon Sing ("Mr. Chum"), aged 36, joined the Company in June 2010, is a Vice-chairman of the Company. He graduated from University Hill Secondary School in British Columbia, Canada in 1996. Mr. Chum is primarily responsible for devising the Group's business development strategies and overseeing their due execution. Mr. Chum is also responsible for overseeing the manufacturing and sales functions as well as the daily operations of the Group. Mr. Chum has taken up roles in different functions within the Group. Prior to assuming his current position of the Group, Mr. Chum worked as the production manager, purchasing manager and sales manager of the Group where Mr. Chum was responsible for overseeing the production and design of the Group's products, purchase of raw materials and machinery as well as expansion of the Group's overseas markets. Mr. Chum has successfully led the Group to become an exporter of clinical and household hygienic disposables with innovative designs which include products made with oxo-biodegradable materials, and secured and maintained stable business relationships with various well-established customers in the European Union and the USA. He also expands the markets to the United Kingdom of Great Britain and Northern Ireland by acquisition. During July 2013 to December 2013, Mr. Chum was the executive director of Rising Power Group Holdings Limited ("Rising Power", formerly known as "China Neng Xiao Technology (Group) Limited" prior to August 2013, currently, known as *Sky Forever Supply Chain Management Group Limited ("Sky Forever")*), whose issued shares are listed on the GEM (stock code: 8047).

Directors, Secretary and Senior Management

Executive Directors *(Continued)*

Ms. Sung Ting Yee ("Ms. Sung"), aged 40, joined the Company in April 2012 is a Vice-chairman and the Chief Executive Officer of the Company. Ms. Sung holds a master's degree of business administration from University of Birmingham, United Kingdom and a bachelor's degree of arts (Honours) in accountancy from Birmingham City University (formerly known as University of Central England in Birmingham), United Kingdom. Ms. Sung is a Certified Public Accountant ("CPA") of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of the Association of Chartered Certified Accountants ("ACCA"). Ms. Sung has over 16 years' experience in finance, accounting, external and internal auditing in both Hong Kong and the PRC. Ms. Sung previously worked as an audit manager in an international accounting firm and an internal audit manager in BALtrans Holdings Limited, which was subsequently delisted on the Main Board after her term of service. Ms. Sung was a finance manager of China Mining Resources Group Limited (stock code: 340), a company listed on the Stock Exchange. Ms. Sung was the chairman, executive director and finance director of Rising Power. Ms. Sung was the company secretary and the chief financial officer of Colors Securities Limited and Colors Commodities Limited, both of which are companies principally engaged in the provision of financial services. Ms. Sung was also the chief financial officer of Colors Finance Limited, a licensed company engaged in money lending business in Hong Kong. Ms. Sung was re-designated from her position as a group financial controller to the chief financial officer and chief investment officer of CFHL (stock code: 8239), a company listed on the GEM, with effect from 2 July 2013.

Mr. Chan Kin Lung ("Mr. Chan"), aged 47, joined the Company in October 2013 is the Chief Investment Officer of the Company. Mr. Chan holds a bachelor's degree of Management of the Economy (#經濟管理) from the Air Force Engineering University of People's Liberation Army, the People's Republic of China (the "PRC") (#中國人民解放軍空軍工程大學) and holds a diploma of Senior Energy Audit Valuer (#能源審計評估師(高級)) from the Ministry of Human Resources and Social Security of the PRC (#中華人民共和國人力資源和社會保障部). Mr. Chan has over 7 years of experiences in the coal mining industry (being both open-pits and undergrounds respectively), exploration, exploitation, production in the Xinjiang Uyghur Autonomous Region, the PRC and the Guizhou Province, the PRC. Mr. Chan also has over 10 years of experience in corporate management. Mr. Chan adopted a proactive management approach and delivered an outstanding performances in various areas, specifically in the areas of corporate managements and providing mining's technical supports and solutions to the senior managements.

Mr. Lee Chi Shing, Caesar ("Mr. Lee"), aged 51, joined the Company in October 2011. He graduated from the Department of Accountancy of the Hong Kong Polytechnic University and also obtained a Master degree in International Accountancy from the Hong Kong Polytechnic University respectively. He is a fellow member of both the HKICPA and the ACCA and also a member of the Society of Registered Financial Planners. He is experienced in corporate management and internal control. He was the senior manager of Ernst and Young and has worked in the Inland Revenue Department for over 15 years. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the Stock Exchange, from 1 November 2004 to 29 June 2005, was an executive director of Sun Century Group Limited (stock code: 1383) from September 2010 to July 2012, was an executive director of TLT Lottotainment Group Limited (currently known as Evershine Group Holdings Limited) (stock code: 8022) from October 2011 to June 2012 and is currently the executive director of Sun International Resources Limited (stock code: 8029) and the shares of the above companies are listed on the Main Board and GEM respectively.

Executive Directors *(Continued)*

Ms. Yick Mi Ching, Dawnibilly ("Ms. Yick"), aged 55, joined the Company in June 2012. Ms. Yick holds a Master of Business Administration and a Master of Management from Macquarie Graduate School of Management, Australia respectively and Honours Degree of Bachelor of Arts in Business Administration from the University of Portsmouth, United Kingdom. Ms. Yick has also completed a diploma in secretarial and administration from the City and Guilds of London Institute and an advanced diploma in secretarial and administrative studies from the Hong Kong Management Association. Ms. Yick has over 20 years of experience in the field of administration. Ms. Yick has adopted a proactive management approach and delivered an outstanding performance in various areas, specifically in the areas of corporate management and providing secretarial support to the senior executives.

Ms. Yu Tak Wai, Winnie ("Ms. Yu"), aged 37, is a CPA of the HKICPA and a member of the ACCA. Ms. Yu joined the Company in July 2012 as a senior finance manager and she was the financial controller of the Company from January 2013 to 11 July 2014. Ms. Yu holds a bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University and has over 15 years' experience in accounting and finance, internal and external audit, change management as well as training and risk management, in Hong Kong, the People's Republic of China, United States and Japan. Ms. Yu has been the chief financial officer of Rising Power (stock code: 8047), a company listed on the GEM; the head of Hong Kong office of an accounting firm based in Japan, which is a subsidiary of a company listed on the Stock Exchange; an internal audit manager of a company listed on the Stock Exchange; and as an audit manager of an international audit firm. Ms. Yu was also one the review panelists for the Best Corporate Governance Disclosure Awards 2010 presented by the HKICPA. Ms. Yu is currently the financial controller of CFHL (stock code: 8239), a company listed on the GEM.

Non-Executive Director

Mr. Mok Tsan San ("Mr. Mok"), aged 44, is the managing director of Capital Union Investments Limited, a direct investment firm with a portfolio in Great China and overseas. Mr. Mok is also currently an executive director of Chinese Food and Beverage Group Limited (stock code: 8272) and Chinese Strategic Holdings Limited (stock code: 8089), shares of both companies are listed on the GEM of the Stock Exchange. With over 12 years of solid experiences in fund raising and investment syndication in a number of ventures. He has helped, funded, and/or personally invested in and advised in a number of other Silicon Valley companies in Hong Kong, including but not limited to Facebook Inc. and Proteus Digital Health. Mr. Mok began his career in Babtie Asia Limited (now named as Jacobs Engineering Group Inc.), an international civil engineering consulting firm as an engineer. He holds a Bachelor of Science degree in Civil Engineering from Ohio State University.

Directors, Secretary and Senior Management

Independent Non-Executive Directors

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 38, was appointed as an independent non-executive Director since May 2012. Mr. Kwok is the CPA of the HKICPA and a member of the ACCA. Mr. Kwok holds a bachelor degree of engineering in electronics engineering from the Hong Kong University of Science and Technology and bachelor degree of arts in accountancy from the Hong Kong Polytechnic University. Mr. Kwok has over 12 years of experience in accounting and financial managements and previously worked in an international CPA firm. Mr. Kwok is currently a financial controller of the Loudong General Nice Resources (China) Holdings Limited, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 988). He is also an independent non-executive director of CFHL and Rising Power.

Dr. Hui Chik Kwan ("Dr. Hui"), aged 41, was appointed as an independent non-executive Director since May 2012. Dr. Hui holds a bachelor degree of medicine and a bachelor degree of surgery from the University of Hong Kong, a postgraduate diploma in practical dermatology from the University of Wales, College of Medicine, United Kingdom. Dr. Hui has completed a certificate of specialist registration under the specialty of family medicine of the Medical Council of Hong Kong. He is also a fellow of the Royal Australia College of General Practitioners, Australia and a fellow of the Hong Kong Academy of Medicine in the specialty of Family Medicine. Dr. Hui has over 15 years of experiences in the field of family medicine and worked in the Queen Mary Hospital, Tuen Mun Hospital, United Christian Hospital, UMP Park Island Medical Center and Hong Kong Sanatorium & Hospital. Dr. Hui has received all round training in community based family medicine during his practicing in different public and private hospital and private clinic respectively. During the Severe Acute Respiratory Syndrome attack in 2002, Dr. Hui volunteered to work in the accident and emergency department of Queen Mary Hospital. Dr. Hui is now running his own private family medical clinic. Dr. Hui is the family doctor of Mr. Wong.

Mr. Tam Chak Chi ("Mr. Tam"), aged 38, was appointed as an independent non-executive Director since August 2014. He holds a bachelor's degree of commerce from the University of Toronto. He has more than 10 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies (the shares of which have been listed on the GEM and the Stock Exchange as well as NASDAQ). Mr. Tam is a fellow of the HKICPA and a member of the American Institute of Certified Public Accountants. Mr. Tam was previously an executive director of Seamless Green China (Holdings) Limited (stock code: 8150) from January 2012 to October 2012, an independent non-executive director of Rising Power (stock code: 8047) from May 2013 to May 2014, an independent non-executive director of Wealth Glory Holdings Limited (stock code: 8269), all of which are companies listed on the GEM. Further, he is currently the chief financial officer and company secretary of a company listed on the GEM.

Directors, Secretary and Senior Management

Independent Non-Executive Directors *(Continued)*

Mr. Tso Ping Cheong ("Mr. Tso"), aged 35, was appointed as an independent non-executive Director since 27 February 2015. He graduated from the Hong Kong Polytechnic University in Hong Kong, with a bachelor's degree of arts in accountancy in November 2003 and obtained a master degree of corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso has over 10 years of experience in accounting and financial management. From September 2003 to July 2007 and August 2007 to November 2008, Mr. Tso worked at Ernst & Young Hong Kong office and Ernst & Young Shenzhen office, a multinational accounting firm, respectively, with the last position as manager. From December 2008 to May 2010, Mr. Tso was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited), a company listed on the Stock Exchange (stock code: 94). From May 2010 to August 2012, Mr. Tso was the senior vice president of Maxdo Project Management Company Limited, a project management company. Since January 2013, currently, Mr. Tso is the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso is currently a practising member of the HKICPA and a fellow member of the ACCA. Mr. Tso was elected as an associate of The Institute of Chartered Secretaries and Administrators and was also admitted as a member of The Hong Kong Institute of Chartered Secretaries in January 2014. Mr. Tso was a non-executive director of Kong Shum Union Property Management (Holding) Limited (Stock Code: 8181) from July 2014 to February 2015, and is currently an independent non-executive director of Larry Jewelry International Company Limited (Stock Code: 8351) an independent non-executive director of GreaterChina Professional Services Limited (Stock Code: 8193), an independent non-executive Director of Guru Online (Holdings) Limited (Stock Code: 8121) and the company secretary of China Infrastructure Investment Limited (Stock Code: 600), the above-named entities are companies whose shares listed on the Stock Exchange of Hong Kong.

Company Secretary

Ms. Chan Sau Yee ("Ms. Chan"), is a fellow member of the Institute of Chartered Secretaries and Administrators in United Kingdom and The Hong Kong Institute of Chartered Secretaries respectively. She obtained a Bachelor Degree in Economics and a Postgraduate Certificate in Laws from the University of Hong Kong. She also holds a Bachelor of Law Degree from the University of London. Ms. Chan has more than 16 years of company secretarial experience gained from international law firms, listed companies and large private groups. Ms. Chan is currently the company secretary of CFHL (stock code: 8239), a company listed on the GEM.

Directors, Secretary and Senior Management

Senior Management

Mr. Chan Shiu Yuen Sammy ("Mr. Sammy Chan"), aged 51, has joined the Group since December 2009 and is the chief financial officer of our Company. Mr. Sammy Chan graduated from Dalhousie University, Canada with a Bachelor of Commerce degree in May 1992 and is a fellow member of the ACCA and an associate member of HKICPA. Mr. Sammy Chan has over 19 years of experience in auditing, accounting, taxation, business consultancy and financial management. Mr. Sammy Chan worked with Deloitte from November 1993 to September 2001. Mr. Sammy Chan was the company secretary and qualified accountant during the period between May 2005 and May 2007 and has since December 2009 become an independent non-executive director of Powerleader Science & Technology Group Limited (stock code: 8236), the shares of which are listed on the GEM of the Stock Exchange. During the period from July 2007 to February 2009, Mr. Sammy Chan worked as the deputy general manager of China Fibretech Limited (company registration no: 40381), a company listed on the main board of the Singapore Stock Exchange Limited. In addition, Mr. Sammy Chan is a shareholder and director of Brilliant Consultancy Limited (卓見商業顧問有限公司) which is owned as to 50% by Mr. Sammy Chan since 3 January 2002.

Mr. Woo Man Wai, **David ("Mr. Woo")**, aged 47, holds a bachelor's degree of arts (Honours) in the international business from the City University of Hong Kong. Mr. Woo has over 22 years' experience in several industries in the PRC such as information technology, trading of industrial goods, natural resources and banking sectors who has established a sounds relationship. Mr. Woo has also taken up the management role for the group's MTBE's and coal trading's segments and taken up the management role as an executive director of a number of subsidiaries of the Company. Prior to joining the Company, Mr. Woo was the senior manager in an international CPA firm based in Beijing, the PRC.

The English translation of Chinese names or words above, where indicated, are indicated for information purpose only and should not be regarded as official English translation names of such Chinese names or words.

Corporate Governance Report

The Company and the Board are devoted to achieve and promote a high standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles with emphasise on effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

Throughout the year, the Company has complied with all the code provisions contained in Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of the following deviations:

Code provision A.1.3

The code provision A.1.3 of the CG Code stipulates that at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

Due to practicality, 14 days' advanced notifications have not been given to all regular meetings of the Board of Directors. The Board will use its best endeavours to give 14 days' advanced notifications of all regular meeting to the extent practicable.

Code provision A.2.1

The code provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman ("Chairman") and chief executive officer ("CEO") were taken by Mr. Wong Wai Sing during the period 1 April 2014 to 11 July 2014. On 11 July 2014, Mr. Wong resigned as CEO to focus on the role of leading the Board, while Ms. Sung Ting Yee was appointed as the CEO and a Joint Vice-chairman of the Company.

Code provision A.4.1

The code provision A.4.1 of the CG Code stipulates that the non-executive directors should be appointed for a specific term, subject to re-election.

Some of the non-executive Directors were not appointed for a fixed term, but they are subject to retirement for re-election as stipulates in the articles of association of the Company (the "Articles") at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the CG Code.

Code provision A.6.7

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the view of shareholders.

Mr. Kinley Lincoln James Lloyd, Mr. Hui Chik Kwan and Mr. Wang Junqiang were unable to attend the annual general meeting ("2014 AGM") due to other business engagements.

Mr. Kinley Lincoln James Lloyd, Mr. Hui Chik Kwan, Mr. Kwok Kam Tim and Mr. Tam Chak Chi were unable to attend the extraordinary general meetings of the Company held on 25 November 2014 ("2014 EGM") due to other business engagements.

Mr. Kinley Lincoln James Lloyd, Mr. Hui Chik Kwan and Mr. Tam Chak Chi were unable to attend the extraordinary general meetings of the Company held on 26 February 2015 ("2015 EGM") due to other business engagements.

The Company will request all the independent non-executive Directors and non-executive Directors to attend all future general meetings in order to comply with the code provision A.6.7 of the CG Code.

Code provision A.7.1

The code provision A.7.1 of the CG Code requires for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Due to the practicality, an agenda and accompanying board paper have not been send, in full, 3 days in advance to all meetings of the Board or Board Committee. Reasons have been given in the agenda and accompanying board paper in respect of those meetings of the Board or Board Committee where it is not practical to send, in full, 3 days in advance. The Board will use its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committee at lease 3 days in advance to the extent practicable.

Code provision E.1.2

The code provision E.1.2 of the CG Code stipulates, among other things, that the Chairman of the issuer should attend the annual general meeting.

Mr. Wong Wai Sing, the Chairman, was unable to attend the 2014 AGM due to other business commitment and Mr. Kwok Kam Tim, an independent non-executive of the Company, chaired the 2014 AGM. The Company has ensured that all proceedings of the general meetings have been complied with.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 March 2015.

Corporate Governance Report

Board

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value. The Directors are expected to make decisions objectively in the interests of the Company.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditor;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through interim and annual reports and results announcements as well as the publication of timely reports and announcements of inside information and other disclosure required as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The executive Directors are delegated with the authority by the Board and be responsibles for daily management and operations of the Group under the leadership of the Chairman. The day-to-day management, administration and operation of the Company are delegated to CEO and the senior management of the Company, with department heads responsible for different aspects of the business.

The Board empowers the executive Directors and senior management team to implement the decisions of the Board. The CEO is responsible for operational management and reports to the Board. In entrusting management and administrative functions to the management team, the Board provides clear instructions regarding the powers delegated to management, and requires the prior approvals of the Board before or making important decisions and commitments on behalf of the Company.

Board *(Continued)*

Responsibilities *(Continued)*

The Board is of the view that there is adequate balance of power. Responsibilities for the Company's daily business management are shared amongst executive Directors. Besides, all major decisions are made in consultation with member of the Board and appropriate committees of the Board in accordance with the provisions of the code on internal control of the Company.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company.

The latest List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange on 27 February 2015. As at 31 March 2015 the Board comprises seven executive Directors namely Mr. Wong Wai Sing, Ms. Yu Tak Wai, Mr. Chum Hon Sing, Mr. Lee Chi Shing, Caesar, Ms. Sung Ting Yee, Ms. Yick Mi Ching, Dawnibilly and Mr. Chan Kin Lung; one non-executive director, Mr. Mok Tsan San; and four independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan, Mr. Tam Chak Chi and Mr. Tso Ping Cheong, Brian. Biographical details of the Directors are shown on pages 23 to 27 and set out on the websites of the Company.

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and with at least one independent non-executive Director possessing appropriate professional qualification, or accounting or related financial management expertise throughout 31 March 2015.

Insurance Cover

The Company has arranged appropriate insurance cover in respect of any legal action against its directors and officers. The extent of insurance cover is reviewed on an annual basis.

Non-Executive Directors

The Company has one non-executive director, Mr. Mok Tsan San and four independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan, Mr. Tam Chak Chi and Mr. Tso Ping Cheong, Brian. The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held informal meetings with the non-executive Directors at least annually without the executive Directors present, to evaluate the functioning of the Board.

Non-Executive Directors *(Continued)*

Two of the independent non-executive Directors of the Company, Mr. Kwok Kam Tim and Mr. Hui Chik Kwan are not appointed for a specific term of service, but they are subject to the retirement by rotation and re-election of Directors in accordance with the Articles, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Each of the independent non-executive Director has made written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has accessed their independence and concluded that all the independent non-executive Directors are independent.

Appointment, Re-Election and Removal of Directors

The Articles set out a formal procedure for the appointment of new Directors to the Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cashflows for that period. In preparing the financial statements for the year ended 31 March 2015, the Board has selected suitable accounting policies and applied them consistently, prepared the financial statements on a going concern, fair and reasonable basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors also warrant that the Group's financial statements will be published in a timely manner.

Induction and Continuous Professional

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense. During the year, the Company has applied and paid for several external seminars and training sessions held by external professional parties for Directors.

Corporate Governance Report

Induction and Continuous Professional *(Continued)*

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

The Directors have confirmed that they have received trainings[note 1] and update their skills by the following means:

Name of Directors	Reading journals, written training materials and/ or updates	Attending courses, seminars, conferences and/or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
Mr. Wong Wai Sing	✓	✓	✓
Mr. Chum Hon Sing	✓		✓
Ms. Sung Ting Yee	✓	✓	✓
Mr. Lee Chi Shing, Caesar	✓	✓	✓
Ms. Yick Mi Ching, Dawnibilly	✓	✓	✓
Mr. Chan Kin Lung	✓		
Ms. Yu Tak Wai, Winnie [note 2]	✓	✓	✓
Mr. Tsang Ho Ka, Eugene [note 3]	✓	✓	✓
Ms. Lu Ying [note 4]	✓		✓
Mr. Mok Tsan San [note 5]	✓		✓
Mr. Kwok Kam Tim	✓	✓	
Mr. Kinley Lincoln James Lloyd [note 6]	✓	✓	✓
Mr. Hui Chik Kwan	✓	✓	✓
Mr. Tam Chak Chi [note 7]	✓	✓	✓
Mr. Tso Ping Cheong Brian [note 8]	✓	✓	✓
Mr. Wang Junqiang [note 9]	✓		✓

Note:

1 Training referred above refers to training relevant to the Group's business, the economy, market trends, corporate governance, rules and regulations, accounting, financial or other professional skills or directors' duties and responsibilities.

2 Appointed on 11 July 2014.

3 Resigned on 31 July 2014.

4 Resigned on 11 July 2014.

5 Appointed on 27 August 2014.

6 Resigned on 27 February 2015.

7 Appointed on 14 August 2014.

8 Appointed on 27 February 2015.

9 Retired on 7 August 2014.

Board and General Meeting

The Board meets at least four times each year and as business need arises. The Company's memorandum of association and the Articles provide for participation at meetings via telephone and other electronic means. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

Board and General Meeting *(Continued)*

The Board held 31 meetings during the year ended 31 March 2015 with the attendance of each Director as follows:

Directors	Number of meetings attended/ Eligible to attend Board meetings	General meetings
Executive Directors:		
Mr. Wong Wai Sing *(Chairman)*	24/31	0/3
Mr. Chum Hon Sing *(Vice-Chairman)*	0/31	0/3
Mr. Lee Chi Shing Caesar	0/31	0/3
Mr. Tsang Ho Ka, Eugene [note 1]	6/8	0/3
Ms. Sung Ting Yee *(Vice-Chairman and Chief Executive Officer)*	28/31	0/3
Ms. Yu Tak Wai Winnie [note 2]	21/24	3/3
Ms. Yick Mi Ching, Dawnibilly	23/31	1/3
Mr. Chan Kin Lung	5/31	0/3
Ms. Lu Ying [note 3]	0/7	0/0
Non-Executive Director:		
Mr. Mok Tsan San [note 4]	0/18	0/2
Independent Non-Executive Directors:		
Mr. Kwok Kam Tim	22/31	3/3
Dr. Hui Chik Kwan	2/31	0/3
Mr. Tam Chak Chi [note 5]	2/20	0/2
Mr. Tso Ping Cheong, Brian [note 6]	0/0	0/0
Mr. Kinley Lincoln James Lloyd [note 7]	4/31	0/3
Mr. Wang Junqiang [note 8]	0/10	0/0

Notes:

1. Resigned on 31 July 2014.
2. Appointed on 11 July 2014.
3. Resigned on 11 July 2014.
4. Appointed on 27 August 2014.
5. Appointed on 14 August 2014.
6. Appointed on 27 February 2015.
7. Resigned on 27 February 2015.
8. Retired on 7 August 2014.

Reasonable notices have been given to all meetings of the Board. Directors are given all materials to enable the Board to make informed decision. Except for those circumstances permitted by the Articles, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration, will abstain from voting on the relevant resolution and such Director is not counted as quorum.

Board Committees

The Board established the audit committee, remuneration committee and nomination committee ("Committees") on 17 December 2010 with clearly-defined written terms of reference. The main roles and responsibilities of the Committees, including all authorities delegated to them by the Board, are set out in the respective terms of reference. The independent views and recommendations of the Committees ensure proper control of the Group expected from a listed company. The chairman of each committee reports the outcome of the Committees' meetings to the Board for further discussions and approvals, and execute the powers delegated to the Committees.

Board Committees *(Continued)*

Audit Committee

The Board has established the audit committee of the Company ("Audit Committee") with specific written terms of reference setting out the duties, responsibilities and authorities delegated by the Board. The major duties and responsibilities of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, and addressing any questions of resignation or dismissal of such auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and developing and implementing policies in the engagement of the external auditors to supply non-audit services; (ii) monitoring the integrity of financial statements and reports of the Group and reviewing significant financial reporting judgements contained therein; and (iii) reviewing the effectiveness of the financial reporting and internal control systems of the Group.

The Audit Committee comprises all independent non-executive Directors and is chaired by an independent non-executive director who is an accountant with related financial management expertise. The Company Secretary acts as the secretary to the Audit Committee. As at 31 March 2015, the members of the Audit Committee are as follows:

Mr. Kwok Kam Tim *(Chairman)*
Mr. Hui Chik Kwan
Mr. Tam Chak Chi
Mr. Tso Ping Cheong, Brian

During the year ended 31 March 2015, the Audit Committee had reviewed the annual report for the year ended 31 March 2014 and the interim report for the six months ended 30 September 2014 and review the internal control matters of the Group.

The Audit Committee held 2 meetings during the year ended 31 March 2015 with attendance of each member as follows:

Name of audit committee members	Attend/ Eligible to attend
Mr. Kwok Kam Tim *(Chairman)*	2/2
Mr. Kinley Lincoln James Lloyd [note 1]	2/2
Mr. Hui Chik Kwan	0/2
Mr. Tam Chak Chi [note 2]	0/1
Mr. Tso Ping Cheong, Brian [note 3]	0/0
Mr. Wang Junqiang [note 4]	0/1

Notes:

1 Resigned on 27 February 2015.
2 Appointed on 14 August 2014.
3 Appointed on 27 February 2015.
4 Retired on 7 August 2014.

Board Committees *(Continued)*

Auditor's Remuneration *(Continued)*

During the year, the remuneration paid/payable to the external auditors of the Company in respect of statutory audit and non-audit services provided by the auditor of the Company, Moore Stephens CPA Limited, were HK$913,000 and HK$79,000 respectively. During the prior year, the remuneration paid to the external auditor of the Company in respect of statutory audit and non-audit services provided by the predecessor auditor of the Company, BDO Limited, were HK$995,000 and HK$65,000 respectively.

Internal Control

The Board is responsible for internal control of the Group and for reviewing its effectiveness. The Board requires the senior management to establish and maintain sound and effective internal controls.

The internal control framework includes central direction, resources allocation and risk management of the activities of various functional departments. In carrying out key functions, senior management personnel are assigned levels of authority and accountability commensurate with their positions and duties. There are also relevant policies and procedures applicable to all functional departments to guide their operations.

With respect to the procedures and internal controls for the handling and dissemination of price-sensitive information, the Group conducts its affairs with close attention to the "Guide on Disclosure of Price-Sensitive Information" issued by the Stock Exchange, and has also implemented guidelines and procedures for dealings in its securities by the Directors.

During the financial year, the Board had conducted a review on the effectiveness of the internal control system of the Company, and considered the internal control system to be effective and adequate and concluded that there were no significant areas of concern which might affect shareholders' interests.

Remuneration Committee

The remuneration committee of the Company ("Remuneration Committee") is responsible for, among other functions, making recommendations to the Board on the policies and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; determining the specific remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

No individual Director is involved in deciding his/her own remuneration.

Board Committees *(Continued)*

Remuneration Committee *(Continued)*

The Remuneration Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Remuneration Committee. As at 31 March 2015, the members of the Remuneration Committee are as follows:

Mr. Tam Chak Chi *(Chairman)*
Mr. Kwok Kam Tim
Mr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

The Remuneration Committee held 1 meeting and passed 5 written resolutions during the year ended 31 March 2015, whereby the members of the remuneration committee reviewed and approved the remuneration packages and discretionary bonus of the Directors (other than members of the Remuneration Committee) and senior management for the year ended 31 March 2015. The attendance record of the Remuneration Committee is set out below:

Names of Remuneration Committee members	Attend/ Eligible to attend
Mr. Kwok Kam Tim note 1	1/1
Mr. Kinley Lincoln James Lloyd note 2	1/1
Mr. Hui Chik Kwan	0/1
Mr. Tam Chak Chi note 3	0/0
Mr. Tso Ping Cheong, Brian note 4	0/0
Mr. Wang Junqiang note 5	0/0

Notes:

1 As chairman of the Remuneration Committee until 14 August 2014.
2 Resigned on 27 February 2015.
3 Appointed as chairman of the Remuneration Committee on 14 August 2014.
4 Appointed on 27 February 2015.
5 Retired on 7 August 2014.

Nomination Committee

The nomination committee of the Company ("Nomination Committee") is responsible for reviewing the structure, size and composition (including but not limited to the skills, gender, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; identifying individuals qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, (in particular candidates who can add value to the management through their contributions in strategic business areas and whose appointment will lead to a strong Board), assessing the independence of the independent non-executives Directors, and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of the Directors and succession planning for the Directors in particular for the chairman and CEO. In order to achieve a diversity of perspectives among members of the Board, the Company has adopted the board diversity policy (the "Board Diversity Policy").

Board Committees *(Continued)*

Summary of Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In receiving the Board's composition, consideration has been made from a number of aspects, such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge length of service. All appointments of Board members will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy periodically. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Remuneration Committee. As at 31 March 2015, the members of the Nomination Committee are as follows:

Mr. Tso Ping Cheong, Brian *(Chairman)*
Mr. Kwok Kam Tim
Mr. Hui Chik Kwan
Mr. Tam Chak Chi

The Nomination Committee met 2 times and passed 1 written resolution during the year ended 31 March 2015, wherebythe members of the Nomination Committee discussed and made recommendation of the Board on the re-election of retiring Directors as well as appointment of new directors. The attendance record of the Nomination Committee is set out below:

Names of Nomination Committee members	Attend/ Eligible to attend
Mr. Kwok Kam Tim note 1	2/2
Mr. Kinley Lincoln James Lloyd note 2	1/2
Mr. Hui Chik Kwan	1/2
Mr. Tam Chak Chi note 3	0/0
Mr. Tso Ping Cheong, Brian note 4	0/0
Mr. Wang Junqiang note 5	0/1

Notes:

1 Chairman of Nomination Committee until 14 August 2014.
2 Chairman between 14 August 2014 to 27 February 2015 and resigned on 27 February 2015.
3 Appointed on 14 August 2014.
4 Appointed on 27 February 2015.
5 Retired on 7 August 2014.

Company Secretary

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Articles. The Company Secretary is an employee of the Company. The current Company Secretary, Ms. Chan Sau Yee confirmed that she has complied with all qualifications, experience, and professional training requirements of the Listing Rules.

Communications with Shareholders

The Group reports to its shareholders at least twice a year. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance. The general meetings of the Company provide a forum for communication between the shareholders and the Board. All shareholders are encouraged to attend the annual general meetings to discuss the progress of the Group's business. The chairman of each of the general meetings are available to answer questions at the general meetings. Separate resolutions are proposed at the general meetings on each substantial issue, including re-election of Directors. The Company's website, which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group, enables the shareholders to access information on the Group on a timely basis.

Investor Relations

The Company's website (www.newtreegroupholdings.com) offers communication channel between the Company and the Company's shareholders and potential investor. Apart from disclosure of all necessary information to the shareholders in compliance with the Listing Rules of the Stock Exchange, news update on the Company's business development and operation are available on the Company's website.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the general meetings were circulated to all the Shareholders in accordance with the requirements of the Listing Rules and the Articles. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed by mail to our principal place of business in Hong Kong or the Company Secretary or email at general@newtreegroupholdings.com.

Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Report of the Directors

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2015.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacture and trading of the clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); (ii) trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business"); (iii) trading of coal products ("Coal Business"); (iv) wholesale and retail of household consumables ("Household Consumables Business"); (v) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); (vi) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business") and (vii) provision of educational technology solutions through online education programs and provision of agency services for English language proficiency tests ("Education Business"). Details of the principal activities of the Company's principal subsidiaries are set out in note 32 to the consolidated financial statements contained herein.

Results and Dividends

The Group's consolidated loss for the year ended 31 March 2015 and the state of affairs of the Company and the Group as at 31 March 2015 are set out in the consolidated financial statements on pages 51 to 52.

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2015 (2014: HK$Nil).

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report. This summary does not form part of the audited consolidated financial statements.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements contained herein.

Other Intangible Assets

Details of the movements in the other intangible assets of the Group during the year are set out in note 16 to the consolidated financial statements contained herein.

Share Capital

Details of the movements in the Company's share capital during the year are set out in note 30 to the consolidated financial statements.

Share Option Scheme

The Company has adopted a new Share Option Scheme on 26 February 2015 (the "Share Option Scheme") to replace the old Share Option Scheme adopted in 2010 (the "Old Scheme") for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries, such as (a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company.

The Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such option can be exercised and/or any other terms as the Board may determine in its absolute discretion. There is no general requirement on the minimum period for which an option must be held.

The life of the Share Option Scheme is 10 years from the date of adoption (26 February 2015), after which no further options will be granted but the provisions of the Share Option Scheme shall remain in force with respect to options granted.

The subscription price shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of: (a) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and (c) the nominal value of a share.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for shares must not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time. No option shall be granted under the Share Option Scheme if this will result in such limit being exceeded.

Subject to the aforesaid limit, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company as at the adoption date of the Share Option Scheme unless shareholders' approval in general meeting is obtained to renew the Scheme Mandate Limit, which shall not exceed 10% of the issued share capital of the Company at the date of such approval. Any further grant of options is subject to shareholders' advanced approval in a general meeting.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an eligible participant would result in excess of such limit, such further grant shall be subject to the approval of the shareholders at a general meeting with such eligible participant and his associates abstaining from voting.

Share Option Scheme *(Continued)*

Any grant of options to a connected person or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee). Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the shareholders taken on a poll at a general meeting.

No options were granted excessed, cancelled or lapsed under the Share Option Scheme and the Old Scheme during the year ended 31 March 2015.

Further details of the Share Option Scheme is set out in note 33 to the consolidated financial statement of this annual report.

Reserves

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity contained herein.

Distributable Reserves

The distributable reserves of the Company as at 31 March 2015, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$443.1 million.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 5 August 2015 to Friday, 7 August 2015, both days inclusive, during which period no transfer of shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting of the Company (the "AGM") to be held at 11:30 a.m. on Friday, 7 August 2015. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewall Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 4 August 2015.

Report of the Directors

Donations

No charitable donations was made by the Group during the year ended 31 March 2015 (2014: HK$Nil).

Directors

The Directors during the year and up to the date of this annual report were:

Executive Directors
Mr. Wong Wai Sing
Mr. Chum Hon Sing
Ms. Sung Ting Yee
Mr. Chan Kin Lung
Mr. Lee Chi Shing, Caesar
Ms. Yick Mi Ching, Dawnibilly
Ms. Yu Tak Wai, Winnie

Non-Executive Director
Mr. Mok Tsan San

Independent Non-executive Directors
Mr. Kwok Kam Tim
Mr. Tam Chak Chi
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

Mr. Mok Tsan San ("Mr. Mok") was appointed a non-executive Director on 27 August 2014, Mr. Tam Chak Chi ("Mr. Tam") and Mr. Tso Ping Cheong, Brian ("Mr. Tso") were appointed as independent non-executive Director of the Company on 14 August 2014 and 27 February 2015 respectively. Pursuant to article 83(3) of the Articles of Association, any of the Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, each of Mr. Mok, Mr. Tam and Mr. Tso shall hold office until the AGM and, being eligible, will offer themselves re-election at the AGM.

In accordance with article 84 of the Articles of Association, Mr. Wong Wai Sing ("Mr. Wong"), Ms. Sung Ting Yee ("Ms. Sung"), Mr. Lee Chi Shing, Caesar ("Mr. Lee") and Mr. Kwok Kam Tim ("Mr. Kwok") shall retire from office by rotation. Ms. Sung has decided not to stand for re-election. Mr. Wong, Mr. Lee and Mr. Kwok being eligible offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 23 to 27.

Each of the independent non-executive Director has made written annual confirmation in respect of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Commitee of the Company is of the view that all independent non-executive Directors and independent.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Report of the Directors

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2015.

Directors' Interests in Contracts

Saved as disclosed in the section of "Connected Transactions" and note 36 to the consolidated financial statements of this annual report, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2015.

Directors' Interests in Competing Business

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the Listing Rules) had any material interest in a business which causes or may cause a significant competition with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

Interests of Directors and Chief Executive

As at 31 March 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances, Cap 571 of The Laws of Hong Kong ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out below:

Long position in the Shares

Name of Directors	Capacity	Total number of Shares held (Note)	Approximate percentage of Shareholding in the Company
Mr. Wong Wai Sing	Beneficial owner and Interest of a controlled corporation (Note)	181,678,000	20.13%
Mr. Chum Hon Sing	Interest of a controlled corporation (Note)	177,428,000	19.66%

Note: Mr. Wong Wai Sing holds 4,250,000 shares in personal capacity, he also holds 50% equity interest in Twin Star Global Limited (a company owned as to 50% by him and 50% by Mr. Chum Hon Sing), which is interested in 177,428,000 Shares. Accordingly, both Mr. Wong Wai Sing and Mr. Chum Hon Sing are deemed to be interested in such 177,428,000 Shares held by Twin Star Global Limited.

Report of the Directors

Substantial Shareholders

As at 31 March 2015, the following persons (not being a director or the chief executive of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of interest in the Company
Twin Star Global Limited (Note)	Beneficial owner	177,428,000	19.66%

Note: Twin Star Global Limited is owned as to 50% by Mr. Wong Wai Sing, the Chairman and as to 50% by Mr. Chum Hon Sing, the vice-chairman. Accordingly, both Mr. Wong Wai Sing and Mr. Chum Hon Sing are deemed to be interested in 177,428,000 Shares held by Twin Star Global Limited.

Save as disclosed herein, the Company has not been notified of any other person (other than the directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2015.

Arrangement to Purchase Shares or Debenture

Save as disclosed above, at no time during the year and up to the date of this annual report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Connected Transactions

Details of the related party transactions of the Group during the year ended 31 March 2015 are set out in note 36 to the consolidated financial statements.

Payments of emoluments and bonus to the Directors pursuant to their respective service contracts with the Company were exempt connected transactions under Rules 14A.95 of the Listing Rules while payments of emoluments/consultancy fee to senior management do not constitute connected transactions under Chapter 14A of the Listing Rules.

The management fee paid or payable to a related company during the year ended 31 March 2015 constituted de minimis transactions under Chapter 14A of the Listing Rules and therefore was fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

Report of the Directors

Emolument Policy

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications. The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed regularly. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees.

The emoluments of the Directors will be decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics. Details of the Directors' and employees' emolument are set out in note 11 to the consolidated financial statements, respectively.

Retirement Benefit Plans

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension scheme operated by the Macao government authority and the PRC state-managed retirement benefit scheme, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit plans are set out in note 3 to the consolidated financial statements under the sub-heading "Retirement benefit plans".

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 March 2015.

Pre-Emptive Rights

There are no provisions of pre-emptive rights under the Articles or laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this annual report.

Major Suppliers and Customers

In the year under review, the Group's largest supplier accounted for 70.6% (2014: 58.8%) of the Group's total purchases. The Group's five largest suppliers accounted for 82.7% (2014: 76.2%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 84.5% (2014: 86.8%) of the Group's total sales. The Group's largest customer accounted for 65.4% (2014: 54.6%) of the Group's total sales.

None of the Directors or any of their associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or five largest suppliers.

Report of the Directors

Review of Financial Statements by Audit Committee

The Audit Committee has reviewed the management accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2015.

Corporate Governance

The Company has published its corporate governance report, which is set out on pages 29 to 40 of this annual report.

Auditors

During the year, BDO Limited (appointed on 28 January 2013 to fill the casual vacancy arising from the resignation of Messrs Deloitte Touche Tohmatsu) resigned and Moore Stephens CPA Limited was appointed as auditor of the Company by the Board to fill the casual vacancy so arising on 12 December 2014.

A resolution will be proposed at the forthcoming AGM to re-appoint Moore Stephens CPA Limited as auditor of the Company.

On behalf of the Board
Mr. Wong Wai Sing
Chairman

Hong Kong, 26 June 2015

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF NEWTREE GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Newtree Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 135, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Auditor's responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial positions of the Company and of the Group as at 31 March 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 27 June 2014.

Moore Stephens CPA Limited
Certified Public Accountants

Joanne Y. M. Hung
Practising Certificate number P05419

Hong Kong, 26 June 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	**550,237**	581,271
Cost of sales		**(507,574)**	(559,729)
Gross profit		**42,663**	21,542
Other income	6	**1,615**	1,197
Other gains and losses	7	**(139,998)**	(72,373)
Selling and distribution expenses		**(5,489)**	(8,646)
Administrative expenses		**(132,189)**	(68,678)
Other expenses		**(5,088)**	(10,817)
Finance costs	8	**(18,778)**	(345)
Share of losses of associates		**(127)**	–
Loss before tax		**(257,391)**	(138,120)
Income tax (expense) credit	9	**(1,734)**	692
Loss for the year	10	**(259,125)**	(137,428)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation		**(2,636)**	2,730
– Fair value gain (loss) on available-for-sale financial assets		**9,100**	(1,050)
		6,464	1,680
Item that was reclassified to profit or loss:			
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets		**–**	1,050
Other comprehensive income for the year, net of income tax		**6,464**	2,730
Total comprehensive income for the year, net of income tax		**(252,661)**	(134,698)
Loss for the year attributable to:			
Owners of the Company		**(258,875)**	(137,128)
Non-controlling interests		**(250)**	(300)
		(259,125)	(137,428)
Total comprehensive income for the year, attributable to:			
Owners of the Company		**(252,409)**	(134,399)
Non-controlling interests		**(252)**	(299)
		(252,661)	(134,698)
			(Restated)
Loss per share	13		
– basic and diluted (HK cents)		**(31.78)**	(18.74)

Consolidated Statement of Financial Position

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**18,583**	17,921
Prepaid lease payments	15	**6,027**	6,236
Other intangible assets	16	**119,274**	68,961
Goodwill	17	**198,830**	9,774
Interests in associates	19	**33,570**	–
Available-for-sale financial assets	20	**170,300**	2,200
Contingent consideration receivable	21	**24,317**	–
		570,901	105,092
CURRENT ASSETS			
Contingent consideration receivable	21	**15,409**	–
Inventories	22	**28,929**	37,765
Prepaid lease payments	15	**216**	216
Trade and other receivables and prepayments	23	**459,661**	384,236
Refundable deposits	23	**48,824**	52,132
Pledged bank deposit	24	**7,808**	7,807
Bank balances and cash	24	**29,548**	39,887
		590,395	522,043
CURRENT LIABILITIES			
Trade and other payables and accruals	25	**407,633**	209,519
Trust receipt loan	26	**1,909**	6,829
Tax payable		**8,168**	5,711
Promissory note	27	**9,000**	–
Convertible bonds	28	**106,479**	–
		533,189	222,059
NET CURRENT ASSETS		**57,206**	299,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**628,107**	405,076
NON CURRENT LIABILITIES			
Deferred tax liabilities	29	**19,815**	11,578
Promissory note	27	**–**	3,552
		19,815	15,130
NET ASSETS		**608,292**	389,946
CAPITAL AND RESERVES			
Share capital	30	**9,026**	7,282
Reserves		**594,930**	378,076
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**603,956**	385,358
Non-controlling interests		**4,336**	4,588
TOTAL EQUITY		**608,292**	389,946

The financial statements on pages 51 to 135 were approved and authorised for issue by the Board of Directors on 26 June 2015 and are signed on its behalf by:

Mr. Wong Wai Sing	**Mr. Chum Hon Sing**
DIRECTOR	DIRECTOR

Company Statement of Financial Position

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	3,149	642
Interests in subsidiaries	32	596,030	356,429
		599,179	357,071
CURRENT ASSETS			
Prepayments		2,899	3,306
Refundable deposits		27,500	–
Bank balances and cash	24	1,233	18,987
		31,632	22,293
CURRENT LIABILITIES			
Other payables and accruals		4,180	3,777
Amounts due to subsidiaries	32	53,075	40,651
Promissory note	27	9,000	–
Convertible bonds	28	106,479	–
		172,734	44,428
NET CURRENT LIABILITIES		(141,102)	(22,135)
TOTAL ASSETS LESS CURRENT LIABILITIES		458,077	334,936
NON CURRENT LIABILITY			
Promissory note	27	–	3,552
NET ASSETS		458,077	331,384
CAPITAL AND RESERVES			
Share capital	30	9,026	7,282
Reserves	31	449,051	324,102
TOTAL EQUITY		458,077	331,384

The financial statements on pages 51 to 135 were approved and authorised for issue by the Board of Directors on 26 June 2015 and are signed on its behalf by:

Mr. Wong Wai Sing
DIRECTOR

Mr. Chum Hon Sing
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company			
	Share capital HK$'000	**Share premium** HK$'000	**Legal reserve** HK$'000 (Note (i))	**Convertible bonds equity reserve** HK$'000
At 1 April 2013	6,667	288,369	49	–
Loss for the year	–	–	–	–
Other comprehensive income, net of income tax:				
– Exchange differences arising on translation	–	–	–	–
– Changes in fair value of available-for-sale financial assets	–	–	–	–
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Acquisition of subsidiaries	175	36,301	–	–
Acquisition of interest in a subsidiary from a non-controlling shareholder	15	3,143	–	–
Issue of shares to acquire available-for-sale financial assets	25	5,175	–	–
Issue of shares pursuant to placing agreement	400	83,600	–	–
Transaction cost attributable to issue of placing shares	–	(2,100)	–	–
Dissolution of a non-wholly-owned subsidiary	–	–	–	–
Transactions with owners	615	126,119	–	–
At 31 March 2014	7,282	414,488	49	–
Loss for the year	–	–	–	–
Other comprehensive income, net of income tax:				
– Exchange differences arising on translation	–	–	–	–
– Changes in fair value of available-for-sale financial assets	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Acquisition of subsidiaries (Note 40)	**1,128**	**317,782**	–	–
Issue of shares pursuant to placing agreements	**616**	**150,489**	–	–
Transaction cost attributable to issue of placing shares	–	**(4,955)**	–	–
Issue of convertible bonds (Note 28)	–	–	–	**5,947**
Transactions with owners	**1,744**	**463,316**	–	**5,947**
At 31 March 2015	**9,026**	**877,804**	**49**	**5,947**

Notes:

(i) In accordance with the provisions of Macao Commercial Code, Two-Two-Free Limited-Macao Commercial Offshore ("Two-Two-Free"), a subsidiary of the Company, is required to transfer a minimum of 25% of annual net profit to legal reserve until the legal reserve equals half of the quota capital. This reserve is not distributable to shareholders.

(ii) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.

(iii) The other reserves represent (i) the difference between the fair value of interest-free advance to Mr. Chum Tung Hang, a shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK$6,000,000; and (ii) the difference between the amount by which the non-controlling interest is adjusted and the fair value of shares issued as consideration for the acquisition of the remaining equity interest in a subsidiary from a non-controlling shareholder amounting to approximately HK$2,046,000.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

Attributable to owners of the Company							
Available-for-sale investment reserve HK$'000	Special reserve HK$'000 (Note (ii))	Exchange reserve HK$'000	Other reserves HK$'000 (Note (iii))	Retained profits/ (accum-ulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
–	678	15,111	(6,000)	90,195	395,069	965	396,034
–	–	–	–	(137,128)	(137,128)	(300)	(137,428)
–	–	2,729	–	–	2,729	1	2,730
(1,050)	–	–	–	–	(1,050)	–	(1,050)
1,050	–	–	–	–	1,050	–	1,050
–	–	2,729	–	(137,128)	(134,399)	(299)	(134,698)
–	–	–	–	–	36,476	4,887	41,363
–	–	–	(2,046)	–	1,112	(1,112)	–
–	–	–	–	–	5,200	–	5,200
–	–	–	–	–	84,000	–	84,000
–	–	–	–	–	(2,100)	–	(2,100)
–	–	–	–	–	–	147	147
–	–	–	(2,046)	–	124,688	3,922	128,610
–	678	17,840	(8,046)	(46,933)	385,358	4,588	389,946
–	**–**	**–**	**–**	**(258,875)**	**(258,875)**	**(250)**	**(259,125)**
–	**–**	**(2,634)**	**–**	**–**	**(2,634)**	**(2)**	**(2,636)**
9,100	**–**	**–**	**–**	**–**	**9,100**	**–**	**9,100**
9,100	**–**	**(2,634)**	**–**	**(258,875)**	**(252,409)**	**(252)**	**(252,661)**
–	**–**	**–**	**–**	**–**	**318,910**	**–**	**318,910**
–	**–**	**–**	**–**	**–**	**151,105**	**–**	**151,105**
–	**–**	**–**	**–**	**–**	**(4,955)**	**–**	**(4,955)**
–	**–**	**–**	**–**	**–**	**5,947**	**–**	**5,947**
–	**–**	**–**	**–**	**–**	**471,007**	**–**	**471,007**
9,100	**678**	**15,206**	**(8,046)**	**(305,808)**	**603,956**	**4,336**	**608,292**

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(257,391)**	(138,120)
Adjustments for:		
Depreciation of property, plant and equipment	**2,804**	6,563
Amortisation of prepaid lease payments	**216**	215
Amortisation of other intangible assets	**1,365**	1,003
Impairment loss recognised on trade receivables and other receivables	**106,503**	56,016
Impairment loss on available-for-sale financial assets	**–**	1,050
Impairment loss on property, plant and equipment	**–**	5,436
Impairment loss on other intangible assets	**12,312**	8,491
Impairment loss on interests in associates	**7,400**	–
Impairment loss on goodwill	**28,968**	–
Written back of impairment loss on trade and other receivables	**(6,940)**	–
Interest expenses on convertible bonds	**16,426**	–
Loss on early redemption of promissory note	**325**	–
Imputed interest expenses on promissory note	**123**	193
Interest expenses on trust receipt loans and other loan	**2,229**	152
Loss on dissolution of a non-wholly-owned subsidiary	**–**	147
Bank interest income	**(84)**	(14)
Fair value gain on contingent consideration receivables	**(8,473)**	–
Share of losses of associates	**127**	–
(Gain) loss on disposal of property, plant and equipment	**(296)**	24
Operating cash flows before change in working capital	**(94,386)**	(58,844)
Decrease in inventories	**11,613**	15,851
Increase in trade and other receivables and prepayments	**(170,006)**	(95,083)
Decrease (increase) in refundable deposits	**30,800**	(25,800)
Increase in trade and other payables and accruals	**173,823**	106,721
Advance to an associate	**(4,652)**	–
Cash used in operating activities	**(52,808)**	(57,155)
Income tax paid	**(2,708)**	(3,110)
NET CASH USED IN OPERATING ACTIVITIES	**(55,516)**	(60,265)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Net cash outflow on acquisition of subsidiaries	40	(7,909)	(3,240)
Refundable deposit paid for potential acquisition of a subsidiary		(27,500)	–
Purchase of property, plant and equipment		(3,741)	(1,813)
Purchase of available-for-sale financial assets		(134,000)	–
Increase in pledged bank deposit		(1)	(4)
Proceeds from disposal of property, plant and equipment		506	114
Interest received		84	14
NET CASH USED IN INVESTING ACTIVITIES		(172,561)	(4,929)
FINANCING ACTIVITIES			
Proceed from placing of shares		151,105	84,000
Proceed from issue of convertible bonds	28	100,000	–
Share issuing expenses		(4,955)	(2,100)
Repayment of promissory note	27	(20,000)	–
Trust receipt loan repaid		(4,920)	(2,334)
Advance from a related party		2,304	630
Interest paid		(6,229)	(152)
NET CASH GENERATED FROM FINANCING ACTIVITIES		217,305	80,044
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(10,772)	14,850
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		39,887	25,234
Effect of foreign exchange rate changes		433	(197)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		29,548	39,887

1. General Information

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. In the opinion of the directors of the Company ("Directors"), the ultimate holding company of the Company is Twin Star Global Limited, a limited company incorporated in the British Virgin Islands. The registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activities of the Group are (i) manufacture and trading of the clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); (ii) trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business"); (iii) trading of coal products ("Coal Business"); (iv) wholesale and retail of household consumables ("Household Consumables Business"); (v) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); (vi) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business") and (vii) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"). The principal activities of the Company's subsidiaries are set out in Note 32.

The consolidated financial statements have been presented in Hong Kong dollars ("HK$"). During the year, the board of directors have re-visited the business plan and strategy of the Company. Since the business transactions, in terms of operating, investing and financing activities, of the Company are mainly denominated in HK$, the Directors decide to change the functional currency of the Company from United States dollars ("USD") to HK$ as the Directors consider HK$ is more appropriate. The Directors consider such change does not have any significant financial impact.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The adoption of the above new and revised HKFRSs in the current year has no material impact on the Group's financial statements.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9 (2014)	*Financial Instruments*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[3]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[4]
Amendments to HKAS 1	*Disclosure Initiative*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[3]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[3]
Annual Improvements to HKFRSs 2010-2012 Cycle	Amendments to a number of HKFRSs[2]
Annual Improvements to HKFRSs 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements to HKFRSs 2012-2014 Cycle	Amendments to a number of HKFRSs[3]

1 Effective for annual periods beginning on or after 1 July 2014.

2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014.

3 Effective for annual periods beginning on or after 1 January 2016.

4 Effective for annual periods beginning on or after 1 January 2017.

5 Effective for annual periods beginning on or after 1 January 2018.

Further information about these HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 (2014) Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing HKFRSs revenue requirements. This standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

(5) Recognise revenue when a performance obligation is satisfied.

The core principle is that a company should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets and contingent consideration receivables which are measured at fair values as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that the deferred tax assets or liabilities are recognised and measured in accordance with HKAS 12 Income Taxes.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

An interest in an associate is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the other comprehensive income.

3. Significant Accounting Policies *(Continued)*

Associate *(Continued)*

When the Group's share of losses exceeds its investment in the associate, the Group's interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit or loss. Goodwill arising from the acquisition of associate is included as part of the Group's interest in an associate.

If an investment in an associate becomes an investment in a joint venture, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the profit or loss. Any interest retained in that former investee at the date when significant influence is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. Significant Accounting Policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other service income are recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Plant and machinery	10 years
Motor vehicles	5 years
Leasehold improvement	Over the term of the leases, or 10 years whichever is the shorter
Furniture, fixtures and equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

3. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Retirement benefit plans

The Group operated a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution was available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group operates a defined contribution retirement benefit plan for all qualifying employees in Macau operated by the Macau government.

Payments to state-managed retirement benefit schemes, MPF Scheme and defined contribution retirement scheme in Macau are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Other intangible assets

Other intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

3. Significant Accounting Policies *(Continued)*

Other intangible assets *(Continued)*

Subsequent to initial recognition, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives, as follows:

Customer Network	10 years
Exclusive License	15 years

Other intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss and held-to-maturity investments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include contingent consideration receivables, financial assets held for trading and those designated as at FVTPL upon initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future; or it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting period, subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in the profit or loss in the period in which they arise. The net gain or loss recognised in the profit or loss excludes any dividend or interest earned on the financial assets.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method (Continued)

Interest income is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For loans and receivables

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion expiration of the conversion option.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

Financial liabilities

The Group's financial liabilities i.e. trade and other payables, trust receipt loan, promissory note and liability component of the convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and other intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. Key Sources of Estimation Uncertainty *(Continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following items are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of other intangible assets

As at 31 March 2015, the carrying amount of the Group's intangible assets excluding goodwill is approximately HK$119,274,000 (2014: HK$68,961,000). The estimated useful lives of the assets reflect the Directors' estimate of the periods over which the other intangible assets are expected to generate net cash flows for the Group based on certain assumptions including attrition of customers base and possibility of renewal of sales contracts.

Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore amortisation expenses and impairment losses in the future years. Details of the other intangible assets are set out in Note 16.

Estimated impairment of non-financial assets

Determining whether non-financial assets is impaired requires an estimation of the recoverable amount of the CGUs to which non-financial assets has been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Further details are set out in Notes 16, 17, 18 and 19.

Estimated impairment of property, plant and equipment

The management reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. Measurement of an impairment loss requires a determination of recoverable amount, which is based on the best information available. The Group derives the required cash flow estimates from historical experience and internal business plans. To determine recoverable amount, the Group uses cash flow estimates discounted at an appropriate discount rate, quoted market prices when available and independent appraisals, as appropriate.

Estimated write-down for inventories

The management estimates the net realisable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at the end of the reporting period and determine the amount of write-down on obsolete and slow-moving inventories to their net realisable values. Where the expectation on the net realisable value is lower than the carrying amount, further write-down may arise. The carrying amount of inventories as at 31 March 2015 is approximately HK$28,929,000 (2014: HK$37,765,000).

4. Key Sources of Estimation Uncertainty *(Continued)*

Estimated impairment of trade receivables and other receivables

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. Further details are set out in Note 23.

Provision for income taxes

The Group is subject to income and other forms of taxes in different jurisdictions and significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Fair value of financial assets

The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates and the relevant parameters of the valuation model be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

5. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- Hygienic Disposables Business – Manufacture and trading of clinical and household hygienic disposables and trading of related raw materials
- MTBE Business – Trading of MTBE products
- Coal Business – Trading of coal products
- Household Consumables Business – Wholesale and retail of household consumables
- Jewelries and Watches Business – Sales and distribution of jewelries and watches
- Digital Technology Business – Design and development of three-dimensional animations, augmented reality technology applications and e-learning web application
- Education Business – Provision of educational technology solutions through online education programs and provision of English language proficiency tests

5. Revenue and Segment Information *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenues and results from reportable and operating segments.

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Jewelries and Watches Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Total HK$'000
For the year ended 31 March 2015								
Revenue from external customers	98,388	247,940	111,675	73,363	8,974	3,213	6,684	550,237
Segment (loss) profit	(29,292)	(76,291)	4,708	5,139	3,952	1,762	1,572	(88,450)
Bank interest income								84
Exchange differences								(199)
Amortisation of other intangible assets								(1,365)
Fair value gain on contingent consideration receivables								8,473
Gain on disposal of property, plant and equipment								296
Impairment loss on goodwill								(28,968)
Impairment loss on interest in an associate								(7,400)
Impairment loss on other intangible assets								(12,312)
Share of losses of associates								(127)
Loss on early redemption of promissory note								(325)
Central administration costs								(127,098)
Loss before tax								(257,391)

5. Revenue and Segment Information *(Continued)*

Segment revenues and results *(Continued)*

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2014					
Revenue from external customers	186,799	185,527	131,654	77,291	581,271
Segment (loss) profit	(76,126)	(587)	4,356	190	(72,167)
Bank interest income					14
Exchange differences					(1,356)
Amortisation of other intangible assets					(1,003)
Impairment loss on available-for-sale financial assets					(1,050)
Impairment loss on other intangible assets					(8,491)
Central administration costs					(54,067)
Loss before tax					(138,120)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in Note 3. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of central administration costs, share of losses of associates, amortisation of other intangible assets, impairment loss on other intangible assets, fair value gain on contingent consideration receivables, bank interest income, exchange differences, impairment loss on goodwill, gain on disposal of property, plant and equipment, impairment loss on interest in an associate, impairment loss on available-for-sale financial assets, loss on early redemption of promissory note and income tax. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

5. Revenue and Segment Information *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2015 HK$'000	2014 HK$'000
Hygienic Disposables Business	**118,516**	194,490
MTBE Business	**295,722**	219,841
Coal Business	**86,372**	54,246
Household Consumables Business	**15,824**	27,979
Jewelries and Watches Business	**5,706**	–
Digital Technology Business	**687**	–
Education Business	**2,171**	–
Total segment assets	**524,998**	496,556
Goodwill	**198,830**	9,774
Other intangible assets	**119,274**	68,961
Available-for-sale financial assets	**170,300**	2,200
Interests in associates	**33,570**	–
Contingent consideration receivables	**39,726**	–
Amounts due from related companies	**3,150**	1,950
Pledged bank deposit	**7,808**	7,807
Bank balances and cash	**29,548**	39,887
Unallocated corporate assets	**34,092**	–
Consolidated assets	**1,161,296**	627,135

5. Revenue and Segment Information *(Continued)*

Segment assets and liabilities *(Continued)*

Segment liabilities

	2015 HK$'000	2014 HK$'000
Hygienic Disposables Business	**11,650**	20,039
MTBE Business	**289,221**	139,237
Coal Business	**78,853**	50,726
Household Consumables Business	**4,069**	6,346
Jewelries and Watches Business	**605**	–
Digital Technology Business	**278**	–
Education Business	**4,976**	–
Total segment liabilities	**389,652**	216,348
Tax payable	**8,168**	5,711
Promissory note	**9,000**	3,552
Convertible bonds	**106,479**	–
Deferred tax liabilities	**19,815**	11,578
Unallocated corporate liabilities	**19,890**	–
Consolidated liabilities	**553,004**	237,189

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than goodwill, other intangible assets, available-for-sale financial assets, interests in associates, contingent consideration receivables, amounts due from related companies, pledged bank deposit, bank balances and cash and unallocated corporate assets.

- All liabilities are allocated to operating segments other than tax payable, promissory note, convertible bonds, deferred tax liabilities and unallocated corporate liabilities.

5. Revenue and Segment Information *(Continued)*

Other segment information

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Jewelries and Watches Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Unallocated Corporate Office HK$'000	Total HK$'000
For the year ended 31 March 2015									
Capital additions	14	–	–	–	–	–	21	3,706	3,741
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	1,913	–	–	106	–	–	12	989	3,020
Gain on disposal of property, plant and equipment	–	–	–	–	–	–	–	(296)	(296)
Impairment loss recognised on trade receivables	26,399	79,916	–	113	–	–	75	–	106,503
Impairment loss on interest in an associate	–	–	–	–	7,400	–	–	–	7,400
Impairment loss on goodwill	–	–	–	–	–	7,762	21,206	–	28,968
Impairment loss on other intangible assets	–	4,593	7,719	–	–	–	–	–	12,312
Written back of impairment loss on trade and other receivables	(4,629)	–	–	(2,311)	–	–	–	–	(6,940)

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2014					
Capital additions	1,662	–	–	151	1,813
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	6,650	–	–	128	6,778
Loss on disposal of property, plant and equipment	–	–	–	24	24
Impairment loss recognised on trade and other receivables	50,338	2,784	541	2,353	56,016
Impairment loss on property, plant and equipment	5,436	–	–	–	5,436
Impairment loss on other intangible assets	–	–	8,491	–	8,491

5. Revenue and Segment Information *(Continued)*

Revenue from major products and services

The following is an analysis of the Group's revenues from its major products and services:

	2015 HK$'000	2014 HK$'000
Sales of goods from		
– Hygienic Disposables Business	98,388	186,799
– Household Consumables Business	73,363	77,291
– Jewelries and Watches Business	8,974	–
Trading income from MTBE Business	247,940	185,527
Trading income from Coal Business	111,675	131,654
Services income from		
– Digital Technology Business	3,213	–
– Education Business	6,684	–
	550,237	581,271

Information about geographical areas

In determining the Group's information about geographical areas, revenue is allocated to the segments based on the locations of the customers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods.

	Revenue by Geographical market	
	2015 HK$'000	2014 HK$'000
The People's Republic of China ("PRC")	363,207	317,181
United Kingdom	135,385	202,733
Norway	21,077	37,989
Hong Kong	15,279	–
United States of America	7,735	19,307
Singapore	7,192	2,719
Estonia	362	577
Turkey	–	399
Costa Rica	–	366
	550,237	581,271

5. Revenue and Segment Information *(Continued)*

Information about geographical areas *(Continued)*

As at 31 March 2015, approximately HK$19,931,000, HK$17,206,000, HK$338,726,000 and HK$421,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

As at 31 March 2014, approximately HK$21,709,000, HK$19,273,000, HK$63,592,000 and HK$518,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 HK$'000	2014 HK$'000
Customer A[1]	**359,615**	317,181
Customer B[2]	**N/A**	68,562

1 Revenue is from MTBE Business and Coal Business.

2 Revenue is from Hygienic Disposables Business.

6. Other Income

	2015 HK$'000	2014 HK$'000
Bank interest income	**84**	14
Service income	**1,528**	1,136
Sundry	**3**	47
	1,615	1,197

7. Other Gains and Losses

	2015 HK$'000	2014 HK$'000
Exchange differences	(199)	(1,356)
Gain (loss) on disposal of property, plant and equipment	296	(24)
Fair value gain on contingent consideration receivables (Note 21)	8,473	–
Impairment loss recognised on trade and other receivables (Note 23)	(106,503)	(56,016)
Impairment loss on available-for-sale financial assets	–	(1,050)
Impairment loss on property, plant and equipment (Note 14)	–	(5,436)
Impairment loss on other intangible assets (Note 16)	(12,312)	(8,491)
Impairment loss on goodwill (Note 17)	(28,968)	–
Impairment loss on interest in an associate (Note 19)	(7,400)	–
Written back of impairment loss on trade and other receivables	6,940	–
Loss on early redemption of promissory note	(325)	–
	(139,998)	(72,373)

8. Finance Costs

	2015 HK$'000	2014 HK$'000
Interests on bank and other borrowings wholly repayable within five years:		
– Interest expenses on trust receipt loans	112	152
– Interest expenses on other loan	2,117	–
– Imputed interest expenses on promissory note	123	193
– Effective interest expenses on convertible bonds	16,426	–
	18,778	345

9. Income Tax Expense (Credit)

	2015 HK$'000	2014 HK$'000
Current tax:		
– Hong Kong Profits Tax	2,278	623
– PRC Enterprise Income Tax ("PRC EIT")	490	–
– Other jurisdictions	619	496
	3,387	1,119
Under (over)-provision in respect of prior years:		
– Hong Kong Profits Tax	627	(14)
– PRC EIT	54	–
– Other jurisdictions	(27)	102
	654	88
Deferred taxation (Note 29):		
– Current year	(2,247)	(1,554)
– Attributable to change in tax rate	(60)	(345)
	(2,307)	(1,899)
	1,734	(692)

(i) Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For the years ended 31 March 2015 and up to the date of these financial statements, the Hong Kong Inland Revenue Department ("HKIRD") is in the process of reviewing the tax affairs of certain subsidiaries of the Group and has issued additional estimated assessments on these subsidiaries for the year of assessments 2004/05, 2005/06, 2006/07, 2007/08 and 2008/09. The additional estimated assessments amounted to approximately HK$43,520,000 (2014: HK$28,790,000). The Group lodged the relevant objection with the HKIRD against these assessments. The Group currently has purchased tax reserve certificates with the total of HK$4,287,000 (2014: HK$2,074,000) to holdover those additional estimated assessments. The purchased tax reserve certificates have been accounted for as taxes recoverable included in trade and other receivables and prepayments of the Group as at 31 March 2015.

In the opinion of the directors, after considering the latest communications between the Group and the HKIRD, no profits tax should be payable by these subsidiaries for those years of assessment since these subsidiaries did not carry on any business in Hong Kong or did not arrive at any assessable profits for the relevant years of assessment and should not be subject to Hong Kong Profits Tax. Hence no provision for Hong Kong Profits Tax in respect of these assessments is considered necessary.

9. Income Tax (Credit) Expense *(Continued)*

(ii) PRC EIT

PRC EIT is calculated at 25% (2014: 25%) of the estimated assessable profits of subsidiaries operating in the PRC.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free is exempted from Macao Complementary Tax.

(iv) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2015 HK$'000	2014 HK$'000
Loss before tax	(257,391)	(138,120)
Tax at PRC EIT at 25% (2014: 25%)	(64,348)	(34,530)
Tax effect of share of results of associates	17	–
Tax effect of expenses not deductible for tax purpose	7,707	6,125
Tax effect of income not taxable for tax purpose	(519)	(136)
Tax effect on temporary differences not recognised	254	334
Tax effect of tax losses not recognised	15,592	6,573
Under-provision in respect of prior years	654	88
Effect of different tax rates of subsidiaries operating in other jurisdictions (Note (i))	43,685	21,199
Utilisation of tax losses previously not recognised	(1,248)	–
Effect on opening deferred tax balance resulting from a change in applicable tax rate	(60)	(345)
Income tax expense (credit) for the year	1,734	(692)

Note:

(i) The tax effect is mainly derived from the Company and a subsidiary in Hong Kong.

10% withholding income tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. The PRC subsidiaries of the Group had no undistributed earnings at the end of the reporting periods.

Save as the Group's unrecognised tax losses as set out in Note 29, there was no other significant unprovided deferred taxation for both years on or at the end of respective reporting periods.

10. Loss for the Year

	2015 HK$'000	2014 HK$'000
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration (Note 11)	68,428	10,930
Other staff costs	24,732	23,428
Retirement benefit scheme contributions[1]	785	891
Total staff costs	93,945	35,249
Auditor's remuneration	1,104	1,438
Cost of inventories sold	502,752	558,726
Depreciation of property, plant and equipment	2,804	6,563
Amortisation of other intangible assets (included in cost of sales)	1,365	1,003
Amortisation of prepaid lease payments (included in administrative expenses)	216	215
Loss on dissolution of a non-wholly-owned subsidiary	–	147
Legal and professional fees incurred for acquisitions and potential acquisitions (included in other expenses)	5,088	10,817

1 No forfeited contributions available for offset against existing contributions during the year.

The consolidated loss for the year attributable to owners of the Company for the year ended 31 March 2015 includes a loss of approximately HK$121,936,000 (2014: HK$45,265,000) which has been dealt with in the financial statements of the Company.

11. Directors' and Employees' Emoluments

Directors

Details of the emoluments paid to the Directors for the years are as follows:

Year ended 31 March 2015

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus (Note) HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:					
Mr. Wong Wai Sing (Note (i))	1,318	134	29,500	18	30,970
Mr. Chum Hon Sing	–	1,322	26,500	–	27,822
Ms. Sung Ting Yee (Note (i))	205	1,665	–	18	1,888
Mr. Lee Chi Shing, Caesar	120	–	–	6	126
Mr. Tsang Ho Ka, Eugene (Note (ii))	63	1,120	–	6	1,189
Ms. Yick Mi Ching, Dawnibilly	205	1,127	–	18	1,350
Ms. Lu Ying (Note (iii))	66	–	–	–	66
Mr. Chan Kin Lung	120	840	–	18	978
Ms. Yu Tak Wai, Winnie (Note(iv))	97	810	–	14	921
Non-Executive director:					
Mr. Mok Tsan San (Note (v))	597	–	2,000	–	2,597
Independent non-executive directors:					
Mr. Kwok Kam Tim	120	–	–	–	120
Mr. Kinley Lincoln James Lloyd (Note (vi))	110	–	–	–	110
Dr. Hui Chik Kwan	120	–	–	–	120
Mr. Tam Chak Chi (Note (vii))	76	–	–	–	76
Mr. Tso Ping Cheong, Brian (Note (vii))	11	–	–	–	11
Mr. Wang Junqiang (Note (viii))	84	–	–	–	84
	3,312	7,018	58,000	98	68,428

Note: The discretionary bonuses are determined by the contributions of the individual of the Directors in the business development of the Group and approved by the Remuneration Committee.

11. Directors' and Employees' Emoluments *(Continued)*

Year ended 31 March 2014

	Fees HK$'000	Salaries and other allowances HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:				
Mr. Wong Wai Sing (Note (i))	1,300	1,281	15	2,596
Mr. Chum Hon Sing	–	1,200	–	1,200
Mr. Lee Chi Shing, Caesar	120	–	6	126
Mr. Tsang Ho Ka, Eugene	205	2,926	15	3,146
Ms. Sung Ting Yee	205	1,185	15	1,405
Ms. Yick Mi Ching, Dawnibilly	205	1,040	15	1,260
Ms. Lu Ying (Note (iii))	179	–	–	179
Mr. Chan Kin Lung (Note (ix))	58	413	8	479
Independent non-executive directors:				
Mr. Kwok Kam Tim	120	–	–	120
Mr. Kinley Lincoln James Lloyd	120	–	–	120
Dr. Hui Chik Kwan	120	–	–	120
Mr. Wang Junqiang (Note (viii))	179	–	–	179
	2,811	8,045	74	10,930

Notes:

(i) Mr. Wong Wai Sing, an executive director of the Company, was also the chief executive of the Company during the year ended 31 March 2014. He resigned as chief executive of the Company on 11 July 2014 and Ms. Sung Ting Yee, an executive director of the Company, was appointed as chief executive with effect from 11 July 2014;

(ii) Mr. Tsang Ho Ka, Eugene resigned as an executive director with effect from 31 July 2014;

(iii) Ms. Lu Ying was appointed and resigned as an executive director with effect from 3 July 2013 and 11 July 2014 respectively;

(iv) Ms. Yu Tak Wai, Winnie was appointed as an executive director with effect from 11 July 2014;

(v) Mr. Mok Tsan San was appointed as a non-executive director with effect from 27 August 2014;

(vi) Mr. Kinley Lincoln James Lloyd resigned as an independent non-executive director with effect from 27 February 2015;

(vii) Mr. Tam Chak Chi and Mr. Tso Ping Cheong Brian were appointed as independent non-executive directors with effect from 14 August 2014 and 27 February 2015 respectively;

(viii) Mr. Wang Junqiang was appointed and retired as an independent non-executive director with effect from 3 July 2013 and 7 August 2014 respectively; and

(ix) Mr. Chan Kin Lung was appointed as an executive director with effect from 4 October 2013.

11. Directors' and Employees' Emoluments *(Continued)*

Employees

Of the five individuals with the highest emoluments in the Group, four (2014: four) were Directors. The emolument of the remaining one (2014: one) non-director individual, in the salary band of HK$2,000,001 to HK$2,500,000, was as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other allowances	2,000	2,000
Retirement benefit scheme contributions	18	15
	2,018	2,015

During both years no emolument was paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors waived any emolument during both years.

The emoluments paid or payable to members of senior management were within the following bands:

	2015 Number of individuals	2014 Number of individuals
HK$Nil to HK$1,000,000	1	1
HK$2,000,001 to HK$2,500,000	1	1

12. Dividends

No dividend has been paid or declared by the Company during the year (2014: HK$Nil).

The Directors do not recommend for payment of a final dividend for the year.

13. Loss per Share

The calculation of the basic loss per share attributable to owners of the Company for the years are based on the following data:

	2015 HK$'000	2014 HK$'000
Loss for the year attributable to owners of the Company	(258,875)	(137,128)
		(Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	814,622,508	731,686,278

The basic loss per share for the years ended 31 March 2015 and 2014 have been adjusted to reflect the placings of shares during the respective years.

The basic and diluted loss per share are the same for both years, as for the year ended 31 March 2015, the Company's outstanding convertible bonds were anti-dilutive and therefore are not included in the calculation of the diluted loss per share and for the year ended 31 March 2014, there was no potential ordinary share in issue.

14. Property, Plant and Equipment

The Group	Buildings	Plant and machinery	Motor vehicles	Leasehold improvement	Furniture, fixtures, and equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 April 2013	35,340	42,621	1,622	7,704	2,351	89,638
Additions	–	627	108	832	246	1,813
Disposal	–	(30)	(108)	–	(12)	(150)
Exchange realignment	811	995	30	127	40	2,003
At 31 March 2014	36,151	44,213	1,652	8,663	2,625	93,304
Additions	–	12	–	2,699	1,030	3,741
Acquisition of subsidiaries (Note 40(b))	–	–	–	–	49	49
Disposal	–	–	–	(2,731)	(23)	(2,754)
Exchange realignment	45	8	(16)	(90)	(11)	(64)
At 31 March 2015	36,196	44,233	1,636	8,541	3,670	94,276
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 2013	22,220	34,199	665	3,334	1,540	61,958
Charge for the year	1,703	2,777	313	1,509	261	6,563
Impairment	–	2,938	273	2,052	173	5,436
Elimination on disposal	–	–	–	–	(12)	(12)
Exchange realignment	517	802	14	72	33	1,438
At 31 March 2014	24,440	40,716	1,265	6,967	1,995	75,383
Charge for the year	1,074	220	126	1,102	282	2,804
Elimination on disposal	–	–	–	(2,527)	(17)	(2,544)
Exchange realignment	32	30	(9)	1	(4)	50
At 31 March 2015	25,546	40,966	1,382	5,543	2,256	75,693
NET CARRYING VALUES						
At 31 March 2015	10,650	3,267	254	2,998	1,414	18,583
At 31 March 2014	11,711	3,497	387	1,696	630	17,921

14. Property, Plant and Equipment *(Continued)*

The Company	Leasehold improvement HK$'000	Furniture, fixtures, and equipment HK$'000	Total HK$'000
COST			
At 1 April 2013	2,697	464	3,161
Additions	34	43	77
At 31 March 2014	2,731	507	3,238
Additions	2,699	1,007	3,706
Disposal	(2,731)	(12)	(2,743)
At 31 March 2015	2,699	1,502	4,201
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 April 2013	360	51	411
Charge for the year	544	97	641
Impairment	1,544	–	1,544
At 31 March 2014	2,448	148	2,596
Charge for the year	754	235	989
Elimination on disposal	(2,527)	(6)	(2,533)
At 31 March 2015	675	377	1,052
NET CARRYING VALUES			
At 31 March 2015	2,024	1,125	3,149
At 31 March 2014	283	359	642

The Group's buildings are located outside Hong Kong.

The Group has pledged certain buildings to secure general banking facilities granted to the Group. Further details are set out in Note 34.

14. Property, Plant and Equipment *(Continued)*

In the prior year, the Group recorded a segmental loss in the segment of Hygienic Disposables Business. As a result, the property, plant and equipment which related to this segment, and which also constituted a smallest CGU, were then assessed for impairment. The recoverable amount of property, plant and equipment had been determined to be approximately HK$22,442,000 with reference to a professional valuation report issued by Greater China Appraisal Limited ("GCA"), an independent firm of professionally qualified valuers, which was based on a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections covered a five-year period and extrapolated cash flows beyond such projection period using an estimated growth rate of 2.8%, and had been discounted using a pre-tax discount rate of 19.79%. All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate were determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the net carrying amount of property, plant and equipment being higher than the net present value of the future estimated cash flows of this CGU, the property, plant and equipment relating to this CGU were written down to its recoverable amount, with an impairment loss of approximately HK$5,436,000, mainly arising from the above impairment review, recognised in profit or loss under other gains and losses in the prior year. Impairment assessment is performed for the year ended 31 March 2015 with a result of no impairment is required.

15. Prepaid Lease Payments

	2015 HK$'000	2014 HK$'000
Analysed for reporting purposes as:		
Non-current assets	6,027	6,236
Current assets	216	216
	6,243	6,452

The Group's prepaid lease payments comprise leasehold land under medium-term leases located outside Hong Kong.

Prepaid lease payments are amortised over the term of the rights on a straight-line basis of 25 to 50 years for both years.

The Group has pledged certain prepaid lease payments on land use rights to secure general banking facilities granted to the Group. Further details are set out in Note 34.

16. Other Intangible Assets

	Coal Sales Contract HK$'000	MTBE Sales Contract HK$'000	Customer Network HK$'000	Exclusive License HK$'000	License Agreements HK$'000	Total HK$'000
COST						
At 1 April 2013	–	33,292	10,119	–	–	43,411
Acquisition of subsidiaries (Note 40)	57,346	–	–	–	–	57,346
Exchange realignment	–	–	363	–	–	363
At 31 March 2014	57,346	33,292	10,482	–	–	101,120
Acquisition of subsidiaries (Note 40)	–	–	–	9,800	55,006	64,806
Exchange realignment	–	–	(1,143)	–	–	(1,143)
At 31 March 2015	57,346	33,292	9,339	9,800	55,006	164,783
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 April 2013	–	21,397	1,181	–	–	22,578
Charge for the year	–	–	1,003	–	–	1,003
Impairment (Note 18)	8,491	–	–	–	–	8,491
Exchange realignment	–	–	87	–	–	87
At 31 March 2014	8,491	21,397	2,271	–	–	32,159
Charge for the year	–	–	1,013	352	–	1,365
Impairment (Note 18)	7,719	4,593	–	–	–	12,312
Exchange realignment	–	–	(327)	–	–	(327)
At 31 March 2015	16,210	25,990	2,957	352	–	45,509
NET CARRYING VALUES						
At 31 March 2015	41,136	7,302	6,382	9,448	55,006	119,274
At 31 March 2014	48,855	11,895	8,211	–	–	68,961

The Coal Sales Contract represents a legally binding sales contract of coal products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of China Indonesia Alliances Coal Investment Company Limited ("China Coal") and its 90%-owned subsidiary (collectively the "China Coal Group") in prior year and has been allocated to the Coal Business CGU. Further details are set out in Note 40(c).

The MTBE Sales Contract represents a legally binding sales contract of MTBE products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of Sino-Singapore (Offshore) Chemical Resources Trading Company Limited and its subsidiaries (collectively the "Sino-Singapore Group") in prior years and has been allocated to the MTBE Business CGU.

The Group assessed the useful lives of the Coal Sales Contract and MTBE Sales Contract as indefinite because the Group considered that the Coal Sales Contract and MTBE Sales Contract were renewable automatically and unconditionally at no additional cost and that the business relationship with the customer becomes probable to continue indefinitely in the foreseeable future.

16. Other Intangible Assets *(Continued)*

The Customer Network represents a long and close business relationship with customers of S&J Distribution Limited ("S&J"), which was acquired as part of the Group's acquisition of S&J in prior years and has been allocated to the Household Consumables Business CGU.

The Exclusive License represents the right to design, distribute and sell "Cosi Moda" branded products in the Asia Pacific region (other than the PRC) granted to the Group from an associate, which was acquired as part of the Group's acquisition of Tiger Global Group Limited ("Tiger Global") and its subsidiary (collectively the "Tiger Global Group") on 25 September 2014 and has been allocated to the Jewelries and Watches Business CGU. Further details are set out in Note 40(a).

License Agreements represent the authorisation to be an official representative of i) TOEIC (the Test of English for International Communication) in Hong Kong and Macau; ii) TOEFL Junior tests (a general assessment of middle school-level English-language proficiency of the Test of English as a Foreign Language) in Hong Kong and Macau; iii) TOEFL ITP (the Institutional Testing Program of the Test of English as a Foreign Language) in Hong Kong, Macau and the Southern China; and iv) TOEIC (the Test of English for International Communication) (the tests of listening and reading only) in 8 provinces of the PRC. The License Agreements were acquired as part of the Group's acquisition of DigiSmart (Group) Limited ("DigiSmart") and its subsidiaries (collectively the "DigiSmart Group") on 28 November 2014 and has been allocated to the Education Business CGU. Further details are set out in Note 40(b).

The Group also assessed the useful lives of the License Agreements as indefinite because the Group considered the License Agreements are renewable at no additional cost and that the business relationship with the license owner becomes probable to continue indefinitely in the foreseeable future.

The Customer Network and Exclusive License are amortised on straight-line basis over 10 years and 15 years respectively.

Particulars regarding impairment testing on other intangible assets are set out in Note 18.

17. Goodwill

	Household Consumables Business CGU HK$'000	Jewelries and Watches Business CGU HK$'000	Digital Technology Business CGU HK$'000	Education Business CGU HK$'000	Total HK$'000
COST					
At 1 April 2013 and 31 March 2014	9,774	–	–	–	9,774
Acquisition of subsidiaries (Note 40)	–	43,072	113,633	61,319	218,024
At 31 March 2015	9,774	43,072	113,633	61,319	227,798
ACCUMULATED IMPAIRMENT LOSSES					
At 1 April 2013 and 31 March 2014	–	–	–	–	–
Impairment losses recognised (Note 18)	–	–	7,762	21,206	28,968
At 31 March 2015	–	–	7,762	21,206	28,968
NET CARRYING VALUES					
At 31 March 2015	9,774	43,072	105,871	40,113	198,830
At 31 March 2014	9,774	–	–	–	9,774

17. Goodwill *(Continued)*

Goodwill arising in prior years related to the acquisition of S&J and has been allocated to the Household Consumables Business CGU.

Goodwill arising in the current year related to (i) the acquisition of Tiger Global Group and has been allocated to the Jewelries and Watches Business CGU and (ii) the acquisition of DigiSmart Group and has been allocated to the Digital Technology Business CGU and Education Business CGU on proportion to the estimated fair value of the respective CGUs as at the date of completion of the acquisition.

Jewelries and Watches Business CGU

The goodwill of approximately HK$43,072,000 arises from a number of factors including the expected establishment of a fast growing internet sales channel, enhancement of other sales and distribution channels in the Asia Pacific region and assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

Digital Technology Business CGU

The goodwill of approximately HK$113,633,000 arises from a number of factors including the expected fast growing mobile digital technology service, sales and development of three-dimensional animations, augmented reality technology and e-learning web applications and assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

Education Business CGU

The goodwill of approximately HK$61,319,000 arises from a number of factors including the expected fast growing online learning business, expected synergies, potential market development in southern china and assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 18.

18. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 16 and 17 respectively have been allocated to six individual CGUs, comprising a subsidiary in Household Consumables Business, a subsidiary in MTBE Business, a subsidiary in Coal Business, a subsidiary in Jewelries and Watches Business, subsidiaries in Digital Technology Business and subsidiaries in Education Business. The carrying amounts of other intangible assets and goodwill as at 31 March 2015 allocated to these units are as follows:

	Customer network with finite useful life		Sales contracts with indefinite useful lives		Exclusive license with finite useful life		License agreements with indefinite useful lives		Goodwill	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Household Consumables Business CGU (Unit A)	6,382	8,211	–	–	–	–	–	–	9,774	9,774
MTBE Business CGU (Unit B)	–	–	7,302	11,895	–	–	–	–	–	–
Coal Business CGU (Unit C)	–	–	41,136	48,855	–	–	–	–	–	–
Jewelries and Watches Business CGU (Unit D)	–	–	–	–	9,448	–	–	–	43,072	–
Digital Technology Business CGU (Unit E)	–	–	–	–	–	–	–	–	105,871	–
Education Business CGU (Unit F)	–	–	–	–	–	–	55,006	–	40,113	–
	6,382	8,211	48,438	60,750	9,448	–	55,006	–	198,830	9,774

During the year ended 31 March 2015, the Group determines that there is no impairment of other intangible assets or goodwill in respect of the Household Consumables Business CGU and Jewelries and Watch Business CGU.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

The recoverable amount of this unit has been determined based on a fair-value-less-costs-of-disposal (2014: value-in-use) calculation with reference to a professional valuation performed by GCA. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2014: a five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2014: 3%). The post-tax rate used to discount the forecast cash flows is 15.97% (2014: pre-tax rate of 20.52%).

18. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

Unit B

The recoverable amount of this unit has been determined to be approximately HK$9,100,000 based on a fair-value-less-costs-of-disposal (2014: value-in-use) calculation with reference to a professional valuation performed by GCA. That calculation covered a period of 13 years (2014: 14 years). The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period (2014: two-year period). Cash flows beyond the 2-year projection period approved by management are extrapolated using an estimated growth rate of 2.5% (2014: 2.8%). The post-tax rate used to discount the forecast cash flows is 14.99% (2014: pre-tax rate of 17.99%).

The Group is of the opinion, based on the impairment assessment of the MTBE Business CGU, the MTBE Sales Contract included in other intangible assets is partially impaired by approximately HK$4,593,000 and the corresponding decrease in the related deferred tax liabilities amounting to approximately HK$758,000. These amounts were charged to the profit or loss under other gains and losses and credited to income tax expenses respectively in the current year. The above impairment losses are mainly attributable to unfavourable changes in (i) estimated discount rate; and (ii) risks associated with the business and operations of the MTBE Business CGU.

Unit C

The recoverable amount of this unit has been determined to be approximately HK$41,000,000 based on a fair-value-less-costs-of-disposal (2014: fair-value-less-costs-of-disposal) calculation with reference to a professional valuation performed by GCA. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period (2014: two-year period). Cash flow beyond the projection period are extrapolated using an estimated growth rate of 2.5% (2014: 2.8%). The post-tax rate used to discount the forecast cash flows is 12.63% (2014: 12.61%).

The Group is of the opinion, based on the impairment assessment of the Coal Business CGU, the Coal Sales Contract included in other intangible assets is partially impaired by approximately HK$7,719,000 (2014: HK$8,491,000) and the corresponding decrease in the related deferred tax liabilities amounting to approximately HK$1,274,000 (2014: HK$1,401,000). These amounts were charged to the profit or loss under other gains and losses and credited to income tax expense respectively in the current year. The above impairment losses are mainly attributable to unfavorable changes in (i) the estimated discount rate; and (ii) risks associated with the business and operations of the Coal Business CGU.

18. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

Unit D

The recoverable amount of this unit has been determined based on a value-in-use calculation with reference to a professional valuation performed by Roma Appraisals Limited ("Roma"), an independent firm of professionally qualified valuers. That calculation covered a period of 14 years. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 16.41%.

Unit E

The recoverable amount of this unit has been determined to be approximately HK$106,900,000 based on a value-in-use calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 16.31%.

The Group is of the opinion, based on the impairment assessment of the Digital Technology Business CGU, the goodwill allocated to Digital Technology Business CGU is partially impaired by approximately HK$7,762,000 which was charged to profit or loss under other gains and losses in the current year. The above impairment loss is mainly attributable to the increase in the fair value of the consideration shares in connection with the acquisition of DigiSmart Group. The market price of shares of the Company has increased by approximately 13.6% from the date of the sale and purchase agreement to the date of completion of the acquisition, which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition, which in turn has resulted in a substantial amount of goodwill being recognised in connection with the acquisition.

Unit F

The recoverable amount of this unit has been determined to be approximately HK$99,900,000 based on a value-in-use calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 18.12%.

The Group is of the opinion, based on the impairment assessment of the Education Business CGU, the goodwill allocated to Education Business CGU is partially impaired by approximately HK$21,206,000 which was charged to profit or loss under other gains and losses in the current year. The above impairment losses are mainly attributable to the increase in the fair value of the consideration shares in connection with the acquisition of DigiSmart Group. The market price of shares of the Company has increased by approximately 13.6% from the date of the sale and purchase agreement to the date of completion of the acquisition, which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition, which in turn has resulted in a substantial amount of goodwill being recognised in connection with the acquisition.

18. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

The recoverable amounts of Unit A, Unit B and Unit C were based on the fair-value-less-costs-of-disposal calculation determined by income approach using discounted cash flow projections. The fair-value-less-costs-of-disposal is classified as a Level 3 fair value measurement.

19. Interests in Associates

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	15,600	–
Share of net assets	7,742	–
Goodwill	17,755	–
Share of post-tax losses of associates	(127)	–
Impairment loss on interest in an associate (note)	(7,400)	–
	33,570	–

Note: The recoverable amount of 40% equity interests in Kwan Lun (as defined below) has been determined to be approximately HK$18,000,000 based on a value-in-use calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period estimated by the Group as there is no foreseeable limitation on the period of time over which the associate is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 16.95%.

Particulars of the associates as at 31 March 2015 are set out below, all of which are unlisted corporate entities whose quoted market prices are not available:

Name of associates	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2015 %	2014 %	Principal activities
Kwan Lun Precision Jewelry Limited ("Kwan Lun") (Note (i))	Hong Kong 10 December 2003	HK$1,000,000	40	N/A	Trading of jewelries and watches
LNK Holdings Limited ("LNK") (Note (ii))	Cayman Islands 25 February 2015	USD5,000,000	40	N/A	Inactive

Notes:

(i) On 25 September 2014, Kwan Lun was acquired through business combination of Tiger Global Group as detailed in Note 40(a).

(ii) On 25 February 2015, LNK was established together with two independent third parties.

19. Interests in associates *(Continued)*

Summarised financial information of material associates

(i) Kwan Lun

	2015 HK$'000
As at 31 March Non-current assets	15,845
Current assets	15,555
Current liabilities	9,714
Non-current liabilities	2,574
Period from 25 September 2014 to 31 March 2015 Revenue	7,503
Loss from operation	(241)
Other comprehensive income	–
Total comprehensive income	(241)

(ii) LNK and its subsidiary

	2015 HK$'000
As at 31 March Current assets	39,000
Current liabilities	75
Period from 25 February 2015 to 31 March 2015 Revenue	–
Loss from operation	(75)
Other comprehensive income	–
Total comprehensive income	(75)

19. Interests in associates *(Continued)*

Summarised financial information of material associates *(Continued)*

Reconciliation of the summarised financial information presented to the carrying amounts of its interests in associates:

	Kwan Lun		LNK	
Summarised financial information	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Net assets of the associates at 31 March 2015	**19,112**	–	**38,925**	–
Group's effective interest	**40%**	–	**40%**	–
Group's share of net assets of the associates	**7,645**	–	**15,570**	–
Goodwill	**17,755**	–	**–**	–
Less: provision for impairment	**(7,400)**	–	**–**	–
Carrying amount	**18,000**	–	**15,570**	–

20. Available-for-sale Financial Assets

As at 31 March 2015, available-for-sale financial assets represented (i) investments in unlisted equity securities issued by China Energy Trading Company Limited ("China Energy"), a company incorporated in Hong Kong with limited liabilities, and the investments represent a 10% of the entire issued share capital of China Energy ("10% of China Energy"); and (ii) investments in unlisted equity securities issued by Goldbell Holdings Limited ("Goldbell"), a company incorporated in British Virgin Islands with limited liabilities, and the investments represent approximately 10% of the entire issued share capital of Goldbell ("10% of Goldbell"). Both investments are measured at fair value at the end of the reporting period.

	2015 HK$'000	2014 HK$'000
Unlisted equity securities	**170,300**	2,200

	10% of China Energy HK$'000	**10% of Goldbell** HK$'000	**Total** HK$'000
Net carrying value at 1 April 2013	–	–	–
Additions	3,250	–	3,250
Impairment	(1,050)	–	(1,050)
Net carrying value at 31 March 2014	2,200	–	2,200
Additions	–	159,000	159,000
Change in fair value	100	9,000	9,100
Net carrying value at 31 March 2015	2,300	168,000	170,300

20. Available-for-sale Financial Assets *(Continued)*

On 10 July 2014, the Group entered into a conditional acquisition agreement (the "Acquisition Agreement") with two independent vendors (the "Vendors") relating to the acquisition of 1,066 shares of Goldbell (the "Sales Shares"), representing approximately 10% equity interest in Goldbell at the consideration of HK$159 million (the "Consideration"), Goldbell, through its subsidiaries, is principally engaged in the exploration and exploitation of gold mines, and processing, smelting, refining and sales of gold in the PRC. The Consideration was settled by HK$134 million in cash and HK$25 million by the Company's issue of a promissory note (Note 27), which constituted a major non-cash transaction for the year ended 31 March 2015.

Pursuant to the Acquisition Agreement, the Group shall be entitled to serve a notice on the Vendors to require the Vendors to purchase the Sales Shares from the Group at the Consideration or adjusted consideration commencing from 42 months after the completion date.

The directors of the Company are in the opinion that the value of the option to require the Vendors to purchase the Sales Shares from the Group is insignificant at the reporting date.

As at 31 March 2014, available-for-sale financial assets were individually determined to be impaired on the basis of a significant decline in its fair value below cost which indicated that the investment cost may not be recovered. During the year ended 31 March 2014, an impairment loss of approximately HK$1,050,000 on these investments was recognised in available-for-sale investment reserve and then recognised as an impairment in profit or loss under other gains and losses.

For details of the fair value measurement are set out in Note 39.

21. Contingent Consideration Receivable

The balance represents the contingent consideration receivables in relation to the acquisition of Tiger Global Group and DigiSmart Group. The amount is classified as financial assets at fair value through profit or loss and measured at fair value.

	HK$'000
At 1 April 2013 and 31 March 2014	–
Additions	31,253
Fair value gain recognised in profit or loss (Note 7)	8,473
At 31 March 2015	39,726

Contingent consideration receivables relating to acquisition of Tiger Global Group and acquisition of DigiSmart Group are expected to be collected within one year and over one year respectively from the reporting date and therefore analysed into current and non-current assets as follows:

	2015 **HK$'000**
Analysed for reporting purposes as:	
Non-current assets	**24,317**
Current assets	**15,409**
	39,726

For details of the fair value measurement are set out in Note 39.

22. Inventories

	2015 HK$'000	2014 HK$'000
At cost:		
Raw materials	15,696	26,357
Work-in-progress	1,024	1,412
Finished goods	12,209	9,996
	28,929	37,765

23. Trade and Other Receivables and Prepayments, and Refundable Deposits

	2015 HK$'000	2014 HK$'000
Trade receivables	540,475	363,388
Less: impairment loss recognised	(155,972)	(51,225)
	384,503	312,163
Bills receivables	9,227	14,624
Prepayments and deposits (Note i)	50,906	42,871
Other receivables	5,586	8,688
Taxes recoverable	4,811	3,774
Amount due from a non-controlling owner of a subsidiary (Note ii)	166	166
Amounts due from related companies (Note iii)	3,150	1,950
Amounts due from related parties (Note iv)	354	–
Amount due from an associate (Note v)	958	–
	459,661	384,236

Notes:

i The balances as at 31 March 2015 mainly consisted prepayments to independent suppliers of approximately HK$46,232,000 (2014: HK$33,570,000) for the acquisition of major raw materials used by the Group for the production of the existing Hygienic Disposables Business.

ii The amount due from a non-controlling owner of a subsidiary is unsecured, interest-free and repayable on demand.

iii The amounts due from related companies are unsecured, interest-free and repayable on demand.

iv The amounts due from the directors of the subsidiaries are unsecured, interest-free and repayment on demand.

v The amount due from an associate is unsecured, interest-free and repayment on demand.

23. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Trade and bills receivables:		
0–30 days	**107,344**	88,356
31–60 days	**27,182**	10,157
61–90 days	**75,152**	51,470
Over 90 days	**184,052**	176,804
	393,730	326,787

All bills receivables of the Group were aged within 90 days at the end of the reporting period.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$184,052,000 (2014: HK$176,804,000) which are past due as at the reporting date for which the Group has not provided for impairment loss because the Group believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements. The Group does not hold any material collateral over these balances.

Ageing of trade receivables which are past due but not impaired, is as follows:

	2015 HK$'000	2014 HK$'000
Over 90 days	**184,052**	176,804

The movement of allowance for doubtful debts in respect of trade receivables were as follows:

	2015 HK$'000	2014 HK$'000
At 1 April	**51,225**	182
Impairment loss during the year (Note 7)	**106,503**	51,043
Addition of allowances from acquisition of subsidiaries	**494**	–
Amount written back	**(1,967)**	–
Bad debts written off	**(283)**	–
At 31 March	**155,972**	51,225

23. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

Moreover, an allowance for doubtful debts of other receivables of approximately HK$4,973,000 had been made for the prior year and as at 31 March 2014. There is no allowance for doubtful debts of other receivables as at 31 March 2015.

Trade receivables that were neither past due nor impaired related to customers for whom there were no recent history of default.

Included in the impairment loss of trade receivables as at 31 March 2015 were individually fully/partially impaired trade receivables mainly due from customers with an aggregate carrying amount before allowance of approximately HK$181,878,000 (2014: HK$55,514,000). The balance was long outstanding and the management of the Group considered the recoverability of the balance is remote as the related customers were in financial difficulties or have prolonged delay in repayment, and therefore only a portion of the receivables is expected to be recovered. The Group did not hold any material collateral over those balances.

The aging of these receivables is as follows:

	2015 HK$	2014 HK$
Over 90 days	**181,878**	55,514

The above trade and other receivables are denominated in the functional currencies of the relevant group entities.

As at 31 March 2015, the refundable deposits comprised (i) a refundable supplier deposit which amounted to approximately HK$21,324,000 paid to an independent supplier of the MTBE Business, details of which are set out in the announcements of the Company dated 15 November 2011 and 6 December 2011. This deposit is refundable upon the Group's request or in the event the supplier arrangement is terminated. Such amount is guaranteed by a customer of MTBE Business, which is a state-owned enterprise in the PRC; and (ii) a refundable deposit which amounted to approximately HK$27,500,000 paid to an independent third party for the purpose of acquisition of 95% of the equity interest in Eco-Mining Innovative Tech Limited. Due to certain conditions precedent in relation to the acquisition have not been satisfied or waived, the transaction was lapsed on 31 March 2015. Details of which are set out in the announcement of the Company dated 31 March 2015. The entire deposit was refunded to the Group subsequent to the end of reporting period.

As at 31 March 2014, the refundable deposits comprised (i) a refundable supplier deposit which amounted to approximately HK$21,332,000 paid to an independent supplier of the MTBE Business, details of which are set out in the announcements of the Company dated 15 November 2011 and 6 December 2011. This deposit is refundable upon the Group's request or in the event the supplier arrangement is terminated. Such amount is guaranteed by a customer of MTBE Business, which is a state-owned enterprise in the PRC; and (ii) aggregate refundable deposits which amounted to approximately HK$30,800,000 paid to an independent third party supplier of equipment items for the Hygienic Disposables Business and subsequent to the end of reporting period, the entire deposit has been refunded by the supplier.

24. Pledged Bank Deposit and Bank Balances and Cash

The Group's pledged bank deposit is used to secure the credit facility granted from a financial institution. Further details are set out in Note 34. Bank balances and cash comprise cash held by the Group and the Company with the original maturity of three months or less.

The Group's pledged bank deposit and the Group's and the Company's bank balances carry interests at market rate ranging as follows per annum:

	2015	2014
Pledged bank deposit	0.010%	0.020%
Bank balances	0.000% to 0.350%	0.001% to 0.385%

the Group's pledged bank deposit and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	USD HK$'000	Macau Pataca ("MOP") HK$'000
As at 31 March 2015		
Bank balances and cash	14	243
As at 31 March 2014		
Bank balances and cash	1,570	244

The Company's bank balances and cash at the end of the reporting period, were denominated in HK$.

25. Trade and Other Payables and Accruals

	2015 HK$'000	2014 HK$'000
Trade payables	375,791	201,121
Customer deposits	1,655	–
Other payables and accruals	9,222	5,941
Amount due to a related party (Note i)	4,295	1,829
Amount due to a related company	1,070	628
Amount due to an associate	15,600	–
	407,633	209,519

Note:

i The related party is a close family member of a director of the Company.

The amount due to a related party, a related company and an associate are unsecured, interest-free and repayable on demand.

25. Trade and Other Payables and Accruals *(Continued)*

The aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
0–30 days	**99,817**	79,952
31–60 days	**19,959**	1,703
61–90 days	**52,411**	33,514
Over 90 days	**203,604**	85,952
	375,791	201,121

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

26. Trust Receipt Loan

The trust receipt loan for both years was denominated in USD, and secured by a pledged bank deposit, corporate guarantee in the amount of USD3,500,000 executed by the Company, and legally notarised livranca (i.e. promissory note) in the amount of USD3,500,000 executed by a subsidiary of the Company. It was repayable within 3 months and interest-bearing at London Interbank Money Market Offered Rate plus 1.9% per annum.

27. Promissory Note

	The Group and the Company	
	2015 HK$'000	2014 HK$'000
At 1 April	**3,552**	–
Fair value of promissory note issue for available-for-sale financial assets/acquisition of subsidiaries	**25,000**	3,359
Imputed interest expenses	**123**	193
Redemption during the year	**(20,000)**	–
Loss on early redemption	**325**	–
At 31 March	**9,000**	3,552
Analysed for reporting purpose as:		
Non-current portion	**–**	3,552
Current portion	**9,000**	–
	9,000	3,552

27. Promissory Notes *(Continued)*

Promissory Note 1

On 16 April 2013, the Group completed the acquisition of the entire equity interests in China Indonesia Alliances Coal Investment Company Limited which held 90% equity interests in China Coal Alliances Trading Company Limited ("China Coal Alliances") from Mr. Woo Man Wai David ("Mr. Woo"), a director of certain subsidiaries of the Company, for a nominal consideration of HK$36,000,000. Part of the consideration was satisfied by the Company's issue of a promissory note in principal amount of HK$4,000,000 in favour of Mr. Woo (the "Promissory Note 1").

Imputed interest expenses on the Promissory Note 1 are calculated using the effective interest method by applying the effective interest rate of 5.99% per annum, the imputed interest expenses of HK$123,000 (2014: HK$193,000) was debited to the profit or loss of the Group for the year.

The Promissory Note 1 was unsecured, interest-free and was repayable in one lump sum on maturity on the date falling three years after the date of issue.

During the year, the Promissory Note 1 was early redeemed in full resulting in a loss on settlement of approximately HK$325,000.

Promissory Note 2

Pursuant to the Acquisition Agreement in relation to 10% of Goldbell, part of the Consideration was settled on 2 September 2014 by the issuance of the Company's promissory note in principal amount of HK$25,000,000 in favour of Jin Ding Investment Limited, one of the Vendors (the "Promissory Note 2").

The Promissory Note 2 was unsecured, interest-free and was repayable in one lump sum on maturity on the date falling sixty days after the date of issue.

During the year, the Promissory Note 2 was fully settled by (i) cash of HK$16,000,000 and (ii) issuance of Promissory Note 3 (as defined below).

Promissory Note 3

On 4 February 2015, the Company issued a promissory note in principal amount of HK$9,000,000 in favour of Jin Ding Investment Limited (the "Promissory Note 3") to settle part of the Promissory Note 2.

The Promissory Note 3 was unsecured and interest-free. The Promissory Note 3 has an original maturity date of 28 February 2015. On 27 February 2015, the Company and the Promissory Note 3 holder agreed to extend the maturity date to 31 March 2015. On 31 March 2015, the Company and the Promissory Note 3 holder agreed to further extend the maturity date to 30 April 2015.

The Promissory Note 3 was fully settled subsequent to the reporting date.

28. Convertible Bonds

On 19 June 2014, the Company issued HK$100,000,000 8% guaranteed convertible bonds with an aggregate principal amount of HK$100,000,000 (the "Convertible Bonds").

The Convertible Bonds mature two years from the date of issue at 124% of its principal amount; or can be early redeemed by the Company or the holder at amount equal to all outstanding Convertible Bonds at 100% of the principal amount plus a premium of 12% per annum after the first anniversary of the date of issue; or can be converted into shares of the Company on and after 19 June 2014 to 18 June 2016 at the holder's option at the conversion price of HK$3.20 per share. Interest of 8% per annum are payable semi-annually up until the bonds are converted or redeemed.

Details of the Convertible Bonds are set out in the announcement of the Company dated 11 June 2014.

The fair value of the liability component and the equity conversion component were determined at date of issuance of the Convertible Bonds with reference to a professional valuation performed by GCA.

The fair value of the liability component, included in current liabilities, as the holder has an early redemption option effective on 19 June 2015, was calculated using a market interest rate for an equivalent non-convertible bond and subsequently measured at amortised cost. The residual amount, representing the value of the equity conversion component, was included in convertible bonds equity reserve.

The Convertible Bonds recognised were calculated as follows:

	The Group and the Company HK$'000
At 1 April 2014	–
Proceeds of issue	100,000
Liability component at the date of issue	(94,053)
Equity component	5,947
Liability component at the date of issue	94,053
Interest expense	16,426
Interest paid	(4,000)
Liability component at 31 March 2015	106,479

The effective interest rate of the liability component on initial recognition and the subsequent measure of interest expense on the Convertible Bonds is calculated using effective interest rate of 23.24% per annum.

The Convertible Bonds are guaranteed by Mr. Wong Wai Sing, an executive Director of the Company, (the "Guarantor") who unconditionally and irrevocably guarantees that if the Company does not pay any sum payable by it under the subscription agreement or Convertible Bonds by the time and on the date specified for such payment, the Guarantor will pay that sum to or to the order of the Convertible Bonds holder.

29. Deferred Tax Liabilities

The following is the deferred tax liabilities recognised and movements thereon during the current year:

	Depreciation allowance on property, plant and equipment HK$'000	Fair value adjustments on other intangible assets HK$'000	Total HK$'000
At 1 April 2013	–	3,950	3,950
Acquisition of subsidiaries	–	9,462	9,462
Charged (credited) to profit or loss	48	(1,602)	(1,554)
Exchange realignment	2	63	65
Effect in change in tax rate	–	(345)	(345)
At 31 March 2014	50	11,528	11,578
Acquisition of subsidiaries (Note 40)	4	10,693	10,697
Charged (credited) to profit or loss (Note 9)	28	(2,275)	(2,247)
Exchange realignment	(8)	(145)	(153)
Effect in change in tax rate	–	(60)	(60)
At 31 March 2015	74	19,741	19,815

As at 31 March 2015, the Group had unused tax losses of approximately HK$153,467,000 (2014: HK$73,772,000) which are available to set off against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams.

30. Share Capital

The Group and the Company	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 March 2013, 2014, and 2015	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2013	666,666,000	6,667
Shares issued in consideration for the acquisition of		
– subsidiaries (Note 40)	17,536,585	175
– interests in a subsidiaries from a non-controlling shareholder (Note (i))	1,518,292	15
– available-for-sale financial assets (Note (ii))	2,500,000	25
Issue of shares pursuant to placing agreement (Note (iii))	40,000,000	400
At 31 March 2014 and 1 April 2014	728,220,877	7,282
Shares issued in consideration for the acquisition of subsidiaries (Note 40)	112,828,143	1,128
Issue of shares pursuant to placing agreements (Note (iv))	61,600,000	616
At 31 March 2015	902,649,020	9,026

Notes:

(i) Pursuant to a sale and purchase agreement entered with Mr. Woo relating to the acquisition of 10% of the entire issued share capital of China Petro (defined in Note 32), the consideration was settled by the Company's issue 1,518,292 new shares, credited as fully paid, to Mr. Woo on 16 April 2013.

(ii) Pursuant to a sale and purchase agreement entered with Mr. Woo relating to the acquisition of 10% issued capital of China Energy and the shareholder's loan incurred by Chine Energy to Mr. Woo, the consideration was settled by the Company's issue 2,500,000 new shares, credited as fully paid to Mr. Woo on 16 April 2013.

(iii) Pursuant to the placing agreement entered into on 3 June 2013 and supplemental placing agreement entered into on 14 June 2013, the Company had issued 40,000,000 new shares at a placing price of HK$2.10 per share on 25 June 2013.

(iv) Pursuant to the placing agreements entered into on 14 May 2014, 15 October 2014 and 23 January 2015, the Company had issued 23,700,000, 21,900,000 and 16,000,000 new shares at a placing price of HK$2.45, HK$2.40 and HK$2.53 on 6 June 2014, 29 October 2014 and 4 February 2015 respectively.

31. Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	288,369	654	–	(34,171)	254,852
Loss and total comprehensive income for the year	–	–	–	(56,869)	(56,869)
Acquisition of subsidiaries	36,301	–	–	–	36,301
Acquisition of interest in a subsidiary from a non-controlling shareholder	3,143	–	–	–	3,143
Issue of shares to acquire available-for-sale financial assets	5,175	–	–	–	5,175
Issue of shares pursuant to placing agreement	83,600	–	–	–	83,600
Transaction cost attributable to issue of placing shares	(2,100)	–	–	–	(2,100)
Transactions with owners	126,119	–	–	–	126,119
At 31 March 2014	414,488	654	–	(91,040)	324,102
Loss and total comprehensive income for the year	–	–	–	(344,314)	(344,314)
Acquisition of subsidiaries (Note 40)	317,782	–	–	–	317,782
Issue of shares pursuant to placing agreements	150,489	–	–	–	150,489
Transaction cost attributable to issue of placing shares	(4,955)	–	–	–	(4,955)
Issue of convertible bonds (Note 28)	–	–	5,947	–	5,947
Transactions with owners	463,316	–	5,947	–	469,263
At 31 March 2015	877,804	654	5,947	(435,354)	449,051

32. Interests in Subsidiaries and Amounts with Subsidiaries

	2015 HK$'000	2014 HK$'000
Unlisted shares at cost	1,054	1,054
Amounts due from subsidiaries	839,595	377,616
Impairment	(244,619)	(22,241)
	596,030	356,429

32. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, the amounts due from subsidiaries in substance represent the Company's interests in the subsidiaries in the form of quasi-equity loans and therefore they are included under the non-current assets of the Company.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

An accumulated allowance for amounts due from subsidiaries of approximately HK$244,619,000 (2014: HK$22,241,000) was recognised as at 31 March 2015 because the related recoverable amounts of the amounts due from the subsidiaries with reference to the value of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related amounts due are reduced to its recoverable amounts as at 31 March 2015.

Particulars of the subsidiaries as at 31 March 2015 and 2014 are set out below:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities
			2015 %	2014 %	
Greenstar Enviro-Tech Investments Company Limited*	British Virgin Islands ("BVI") 12 January 2010	USD40,000	100	100	Investment holding
Two-Two-Free	Macau 5 February 2004	MOP$100,000	100	100	Trading of hygienic disposable products
Ramber Industrial Limited	Hong Kong 16 June 1989	HK$2	100	100	Investment holding
Tary Limited	Hong Kong 14 March 1986	HK$1,000,000	100	100	Investment holding
Nupoly Medical Supply Development Co. Limited	Hong Kong 25 March 2010	HK$1	100	100	Investment holding
惠州市駿洋塑膠有限公司 Huizhou Junyang**	The PRC 24 October 2000	USD5,000,000	100	100	Manufacturing of hygienic disposables products

32. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2015 %	2014 %	Principal activities
北京覃寶康醫療科技發展有限公司 Beijing Chum Baokang Medical Technological Development Company Limited**	The PRC 16 September 2011	HK$17,200,000	100	100	Inactive
Sino-Singapore (Offshore) Chemical Resources Trading Company Limited	BVI 23 May 2011	USD1	100	100	Investment holding
China Petro-chemical Resources Trading Company Limited ("China Petro")	Hong Kong 28 April 2011	HK$1,000,000	100	90	Agency service and trading of MTBE products
S&J	United Kingdom 19 January 2006	GBP100	100	100	Wholesale and retail of household consumables
Bright Rising Holdings Limited*	BVI 3 May 2012	USD1	100	100	Investment holding
Bright Rising Enterprise Limited	Hong Kong 15 May 2012	HK$10,000	100	100	Provision of management services
Star Fantasy International Limited*	BVI 2 January 2013	USD1	100	100	Investment holding
Golden Star Group Holdings Limited*	BVI 26 April 2013	USD1	100	100	Investment holding
China Coal	BVI 14 December 2012	USD1	100	100	Investment holding
China Coal Alliances	Hong Kong 24 December 2012	HK$1,000,000	90	90	Trading of coal products

32. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2015 %	2014 %	Principal activities
Star World International Holdings Limited*	BVI 19 December 2014	USD1	100	N/A	Investment holding
Star Guardian Holdings Limited*	BVI 29 August 2014	USD1	100	N/A	Investment holding
Tiger Global Group Limited	BVI 15 July 2014	USD150	100	N/A	Investment holding
Cosi Moda International Limited	Hong Kong 29 June 2011	HK$100,000	100	N/A	Retail of jewelries and watches
Virtual Garden Investments Limited*	BVI 28 July 2014	USD1	100	N/A	Investment holding
DigiSmart (Group) Limited	BVI 10 December 2012	USD11,000	100	N/A	Investment holding
Sino-Digital Media (Overseas) Limited	BVI 28 November 2008	USD200	100	N/A	Investment holding
i-Craftsmen Limited	Hong Kong 30 September 2008	HK$1,000,000	100	N/A	Provision of digital technology services
博穎創意(北京)科技有限公司 DigiSmart Creation (Beijing) Technology Limited**	The PRC 2 May 2013	HK$1,001,000	100	N/A	Provision of digital technology services
Start Bright Limited	BVI 30 August 2007	USD200	100	N/A	Investment holding
Palm Learning Co. Limited	Hong Kong 23 July 2007	HK$1	100	N/A	Inactive
Huge Step Management Limited	BVI 16 July 2007	USD100	100	N/A	Investment holding

32. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2015 %	2014 %	Principal activities
Smart Education Company Limited	Hong Kong 9 October 2007	HK$100	100	N/A	Provision of education services
聰穎教育諮詢服務(深圳)有限公司 Smart Education Consulting Services (Shenzhen) Company Limited**	The PRC 5 June 2014	USD50,000	100	N/A	Provision of education services
Starry Zone Global Limited*	BVI 21 October 2014	USD1	100	N/A	Inactive
Bright World Group Holdings Limited	BVI 9 January 2015	USD1	100	N/A	Investment holding
Bright World Investment Limited	BVI 12 January 2015	USD1	100	N/A	Inactive
Bright Tree Holdings Limited*	BVI 9 January 2015	USD1	100	N/A	Investment holding
Bright Tree Investment Limited	BVI 12 January 2015	USD1	100	N/A	Inactive
Brighten Tree Limited	Hong Kong 3 February 2015	HK$10,000	100	N/A	Inactive
Sing Sing Investment Holdings Limited*	BVI 30 January 2015	USD1	100	N/A	Investment holding

* The subsidiary is directly owned by the Company.

** English translated name is for identification purpose only.

None of the subsidiaries had any debt security outstanding at the end of the reporting period or at any time during the year.

33. Share-Based Payment Transactions

On 26 February 2015, the Company adopted a new share option scheme (the "Scheme") to replace the share option scheme previously adopted on 17 December 2010 (the "Old Scheme") for the purpose of providing incentives or rewards to eligible participants who contribute to the success of the Group's operations.

Purpose of the Scheme:
Provide incentives or rewards to eligible participants.

Eligible participants include:

(a) any full-time or part-time employee of the Company and/or any subsidiary of the Company;

(b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company;

(c) any consultant or adviser (whether professional or otherwise being engaged whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company.

Vesting period:
The Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such option can be exercised and/or any other terms as the Board may determine in its absolute discretion. There is no general requirement on the minimum period for which an option must be held.

Life of the Scheme:
10 years from the date of adoption (26 February 2015), after which no further options will be granted but the provisions of the Scheme shall remain in force with respect to options granted.

Basis of determining subscription price:
The subscription price shall, subject to any adjustments made pursuant to the terms of the Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of:

(a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the offer date (and if such offer date is not a business day, the business day immediately preceding such offer date);

(b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and

(c) the nominal value of a Share.

33. Share-Based Payment Transactions *(Continued)*

Acceptance of offers and fee payable by grantee on acceptance:

An offer for grant of an option shall remain open for acceptance by the eligible participant concerned for such period as determined by the Board, which period shall not be more than ten (10) days from the offer date, provided that no such offer shall be open for acceptance after the tenth (10th) anniversary of the adoption date or after the Scheme has been terminated in accordance with the provisions of the Scheme. The amount payable by the grantee to the Company on acceptance of the offer is HK$1.00.

Maximum number of Shares available for subscription:

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for Shares must not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time. No option shall be granted under the Scheme if this will result in such limit being exceeded.

Subject to the above, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company as at the adoption date of the Scheme ("Scheme Mandate Limit") unless shareholders' approval in general meeting is obtained to renew the Scheme Mandate Limit, which shall not exceed 10% of the issued share capital of the Company at the date of such approval ("Renewed Mandate Limit"). Any further grant of options is subject to shareholders' advanced approval in a general meeting.

Maximum entitlement of each eligible participant:

The total number of Shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an eligible participant would result in excess of such limit, such further grant shall be subject to the approval of the shareholders at a general meeting with such eligible participant and his associates abstaining from voting.

33. Share-Based Payment Transactions *(Continued)*

Grant of options to connected persons:

(a) Any grant of options to a connected person or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee).

(b) Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the shareholders taken on a poll at a general meeting.

Cancellation of options granted:

Any cancellation of options granted but not exercised shall be approved by the Board. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the Scheme and the requirements of the Listing Rules and provided further that new options may be issued to a grantee in place of his cancelled options only if there are available unissued options (excluding the cancelled options) within the Scheme Mandate Limit or Renewed Mandate Limit.

During the years ended 31 March 2015 and 2014, no option was granted, exercised or lapsed under the Scheme and the Old Scheme.

34. Pledge of Assets

Save for those disclosed elsewhere in these financial statements including Note 26, details of pledge of assets of the Group are disclosed below. At the end of the reporting period, the Group's credit facilities from financial institutions were secured by the following:

	2015 HK$'000	2014 HK$'000
Property, plant and equipment	8,728	9,650
Prepaid lease payments	3,869	3,978
Pledged bank deposit	7,808	7,807
	20,405	21,435

The Group's credit facilities from financial institutions were also secured by corporate guarantee executed by the Company in the amount of approximately HK$27,150,000 (2014: HK$27,150,000).

The financial guarantee was not recognised in the financial statements of the Company because the fair values of the guarantees were insignificant and that the directors of the Company do not consider it is probable that a claim would be made against the Company under the guarantee.

35. Operating Lease Commitments

The Group and the Company as lessee:

The Group made minimum lease payments of approximately HK$7,278,000 (2014: HK$3,467,000) under operating leases in respect of office premises, director's quarter, car-parking space and warehouse during the year. None of the leases includes contingent rentals.

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	The Group		The Company	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Within one year	**6,800**	7,356	**5,940**	6,429
In the second to fifth years inclusive	**6,159**	10,634	**5,941**	9,074
	12,959	17,990	**11,881**	15,503

36. Related Party Disclosures

Save for those disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(I) Related party transactions

During the year, the Group entered into following transactions with related parties:

Name of related parties	Nature of transactions	2015 HK$'000	2014 HK$'000
Mr. Woo (Note (a))	Management fee	**2,141**	2,434
Mr. Ng Kwai Wah, Sunny ("Mr. Ng") (Note (b))	Consultancy fee	**375**	1,500
廣州帝琴錶帶有限公司 (Note (c))	Sales of goods	**83**	–
	Purchase of goods	**2**	–
Kwan Lun (Note (d))	License fee	**249**	–
	Purchase of goods	**2,074**	–

Notes:

(a) The management fee paid to companies in which Mr. Woo, being director and a non-controlling owner of one of the Company's subsidiaries, is also the director and controlling shareholder of those companies.

(b) The consultancy fee is paid to Mr. Ng, the Joint Chief Investment officer of the Company who had resigned on 30 June 2014.

(c) The goods are sold to and purchased from a company held by a family member of the director and shareholder of the Group's associate.

(d) The license fee is paid to and goods are purchased from the Group's associate.

The directors of the Company are of the opinion that the above related parties transactions were conducted on normal commercial terms and in the ordinary course of business.

36. Related Party Disclosures *(Continued)*

(II) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year ended 31 March 2015 was as follows:

	2015 HK$'000	2014 HK$'000
Fees, salaries and other allowances	70,330	12,856
Retirement benefit scheme contributions	116	89
	70,446	12,945

37. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost and the risks associated with each class of the capital. Based on recommendations of the management, the Group and the Company will balance the overall capital structure through the payment of dividends and raising of new capital as well as the issue of debt.

38. Financial Instruments

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash), measured at amortised cost	550,814	471,093
Available-for-sale financial assets, measured at fair value	170,300	2,200
Financial assets at fair value through profit or loss	39,726	–
	760,840	473,293
Financial liabilities		
Financial liabilities, measured at amortised cost	516,017	214,221

38. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposit, bank balances and cash, available-for-sale financial assets, financial assets at fair value through profit or loss, trade and other payables, trust receipt loan, convertible bonds and promissory note. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk, credit risk and liquidity risk and the policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(i) Currency risk

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Certain of pledged bank deposit and bank balances and cash are denominated in foreign currencies at the end of the reporting period. The exposure in exchange rate risks mainly arises from fluctuations of USD and MOP.

Sensitivity analysis

Since HK$ is pegged with USD, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to HK$ against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis adjusts its translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in loss for the year where HK$ strengthens 5% (2014: 5%) against the relevant currencies.

	2015 **HK$'000**	2014 HK$'000
HK$ against MOP	**12**	12

For a 5% (2014: 5%) weakening of HK$ against the relevant currency, there would be an equal but opposite impact on the profit or loss. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the closing exposure does not reflect the exposure during the year.

38. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and trust receipt loan due to the fluctuation of the prevailing market interest rate. The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group incurs interest expenses principally from its trust receipt loan with floating interest rate. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

At 31 March 2015, it is estimated that had a general increase/decrease of 2% in interest rate, with all other variable held constant, would increase/decrease the Group's loss for the year by approximately HK$38,000 (2014: HK$137,000).

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Pledged bank deposit and bank balances are placed in various authorised financial institutions and the Directors consider the credit risk of such authorised financial institutions is low.

The Group has concentration of credit risk on top five trade receivables which accounted for 97% (2014: 95.1%) of the Group's total trade receivables as at 31 March 2015. These top five trade receivables include a state-owned enterprise in the PRC and reputable household and clinical plastic products companies with good past credit records with the Group. In order to minimise the credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In addition, the management aims at broadening the customer base by developing the PRC markets for degradable hygienic disposables and medical products. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

38. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

In addition, the Group is exposes to concentration of credit risk on a refundable deposit paid to a supplier of approximately HK$21,324,000 (2014: HK$21,332,000), a refundable deposit amounting to HK$27,500,000 paid to an independent third party for the purpose of acquisition of 95% of the equity interests in Eco-Mining Innovative Tech Limited and prepayments to suppliers for the acquisition of major raw materials of approximately HK$46,232,000 (2014: HK$33,570,000). Since (i) the refundable deposit paid to a supplier is guaranteed by a customer of MTBE Business, which is a state-owned enterprise in the PRC; (ii) the refundable deposit for acquisition has been fully refunded subsequent to the reporting date; and (iii) the major raw materials are to be used for the production in the existing Hygienic Disposables Business, the Directors believe that the Group's exposure is significantly reduced.

As at 31 March 2014, there was also concentration of credit risk on a refundable deposit to a supplier of equipment item of HK$30,800,000, which was fully refunded to the Group during the current year.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities based on the aged repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Specifically, for convertible bonds which contain an early redemption option which can be exercised at the bond holder's sole discretion after the first anniversary of the date of issue (ie. 19 June 2014), the analysis shows the cash outflow based on the earliest period in which the Group and the Company can be required to pay, that is if the bond holder was to exercise the early redemption option.

Liquidity and interest risk table

The Group	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Over 90 days but within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2015						
Trade and other payables	–	398,629	–	–	398,629	398,629
Trust receipt loan	2.16	1,915	–	–	1,915	1,909
Promissory note	–	9,000	–	–	9,000	9,000
Convertible bonds	8	116,000	–	–	116,000	106,479

38. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

Liquidity and interest risk table *(Continued)*

The Group	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2014					
Trade and other payables	–	203,840	–	203,840	203,840
Trust receipt loan	2.15	6,858	–	6,858	6,829
Promissory note	–	–	4,000	4,000	3,552

The Company	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2015					
Other payables	–	795	–	795	795
Promissory note	–	9,000	–	9,000	9,000
Convertible bonds	8	116,000	–	116,000	106,479
As at 31 March 2014					
Promissory note	–	–	4,000	4,000	3,552

The table below summarises the maturity analysis of the convertible bonds with early redemption option based on the agreed scheduled repayments set out in the convertible bonds agreement. The amounts included interest payments computed using contractual rates. Also, the below analysis shows the undiscounted cash flows with an assumption that the bond holder does not exercise the early redemption option and the conversion option.

The Group and the Company	Less than 90 days HK$'000	Over 90 days but within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Convertible bonds	4,000	4,000	128,000	136,000	106,479

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

39. Fair Value Measurement of Financial Instruments

Fair value estimation

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2015				
Assets				
Available-for-sale financial assets				
– Unlisted equity securities	–	–	170,300	170,300
Financial assets at fair value through profit or loss				
– Contingent consideration receivables	–	–	39,726	39,726
	–	–	210,026	210,026
At 31 March 2014				
Assets				
Available-for-sale financial assets				
– Unlisted equity securities	–	–	2,200	2,200

Available-for-sale financial assets – 10% equity interest in China Energy

The fair value of the available-for-sale financial assets – 10% equity interest in China Energy, unlisted equity securities, is determined based on income approach using a cash flow projection according to the financial budgets approved by the management for next 2 years (2014: 3 years), and adjusted for the lack of control and lack of marketability. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2.5% (2014: 2.8%). The post-tax discount rate applied to discount the forecast cash flow is 12.68% (2014: 12.69%). The discounts for lack of control and lack of marketability are 10% (2014: 10%) and 15% (2014: 15%) respectively. Should the perpetuity growth rate increase or decrease by 0.5% (2014: 0.5%), the fair value of 10% equity interest in China Energy would be increased or decreased by nil to approximately HK$100,000 (2014: HK$100,000). Alternatively, should the discount rate increase or decrease by 1% (2014: 1%), the fair value of 10% equity interest in China Energy would be decreased or increased by approximately HK$200,000 (2014: HK$200,000). Should the discounts for lack of control and lack of marketability increase or decrease by 10% (2014: 10%) respectively, the fair value of 10% equity interest in China Energy would be decreased or increased by approximately HK$500,000 (2014: HK$500,000).

39. Fair Value Measurement of Financial Instruments *(Continued)*

Fair value estimation *(Continued)*

Available-for-sale financial assets – 10% equity interest in Goldbell

The fair value of the available-for-sale financial assets – 10% equity interest in Goldbell, unlisted equity securities, is determined based on income approach using a cash flow projection according to the financial budgets approved by the management for next 6 years, and adjusted for the lack of control and lack of marketability. The post-tax discount rate applied to discount the forecast cash flow is 13.99%. The discounts for lack of control and lack of marketability are 28.26% and 14.7% respectively. Should the discount rate increase or decrease by 1%, the fair value of 10% equity interest in Goldbell would be decreased or increased by approximately HK$4,000,000. Should the discounts for lack of control and lack of marketability increase or decrease by 10% respectively, the fair value of 10% equity interest in Goldbell would be decreased or increased by approximately HK$40,000,000 to HK$46,000,000.

Financial assets at fair value through profit or loss contingent consideration receivable – Tiger Global Group

The fair value of the contingent consideration receivable – Tiger Global Group was estimated by applying the income approach. The discount rate applied to discount the forecast cash flow is 14.66%. Should the estimated profit of Tiger Global Group for the year ending 31 December 2015 increase or decrease by HK$200,000, the fair value of contingent consideration receivable – Tiger Global Group would be increased or decreased by approximately HK$1,570,000.

Financial assets at fair value through profit or loss contingent consideration receivable – DigiSmart Group

The fair value of the contingent consideration receivable – DigiSmart Group was estimated by applying the income approach. The discount rate applied to discount the forecast cash flow is 15.10%. Should the estimated profit of DigiSmart Group for the year ending 31 December 2015 increase or decrease by HK$200,000, the fair value of contingent consideration receivable – DigiSmart Group would be increased or decreased by approximately HK$3,435,000.

The movements during the year in the balance of Level 3 fair value measurement is as follows:

	Available-for-sale financial assets HK$'000	Contingent consideration receivables HK$'000	Total HK$'000
At 1 April 2013	–	–	–
Additions during the year	3,250	–	3,250
Impairment	(1,050)	–	(1,050)
At 31 March 2014 and 1 April 2014	2,200	–	2,200
Additions during the year	159,000	–	159,000
Arising from acquisition of subsidiaries	–	31,253	31,253
Total gains			
– included in other comprehensive income	9,100	–	9,100
– included in profit or loss (included in other gains and losses)	–	8,473	8,473
At 31 March 2015	170,300	39,726	210,026

During the year ended 31 March 2015, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

40. Acquisitions of Subsidiaries

(a) Acquisition of Tiger Global Group

On 25 September 2014, the Group acquired the entire equity interest of Tiger Global, which held 100% equity interest in Cosi Moda International Limited ("Cosi Moda International") and 40% equity interest in Kwan Lun, for a nominal consideration of HK$81,000,000. The consideration was settled by the Company's issue of 33,360,790 new shares of the Company credited as fully paid (the "Consideration Shares"). The acquisition is made to diversify the business of the Group in order to maximise returns and broaden its source of revenue.

In addition, as part of the acquisition, if the actual audited consolidated net profit after tax and before all non-cash items (as defined in HKFRSs) of Tiger Global for the period from 1 January 2015 to 31 December 2015 (the "Tiger Actual Profit"), is less than HK$9,000,000 (the "Profit Guarantee"), the vendors will compensate the Group for the shortfall on a dollar for dollar basis for an amount equivalent to the difference between the Profit Guarantee and the Tiger Actual Profit multiplied by 9 times. The possible range of face value of this contingent consideration receivable is between nil to HK$81,000,000.

Further details are set out in the Company's announcement dated 16 September 2014 and 25 September 2014.

The following table summarises the consideration paid for the acquisition of Tiger Global Group, and the fair value of assets and liabilities recognised at the acquisition date:

	HK$'000
Consideration	
Fair value of Consideration Shares	86,071
Less: contingent consideration receivable	(8,123)
Total	77,948
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Interest in an associate	25,497
Cash and banks	–
Exclusive License	9,800
Inventories	3,326
Amounts due from related parties	2,374
Accruals	(18)
Amount due to an associate	(3,694)
Amount due to a related company	(792)
Deferred tax liabilities	(1,617)
	34,876
Goodwill	43,072
	77,948

40. Acquisitions of Subsidiaries *(Continued)*

(a) Acquisition of Tiger Global Group *(Continued)*

	HK$'000
Acquisition-related costs (included in other expenses)	790
Cash consideration	–
Cash and banks in subsidiaries acquired	–
Cash outflow on acquisition	–

The acquired business contributed revenue of HK$8,974,000 and net profit of HK$3,137,000 for the period from 25 September 2014 to 31 March 2015. If the acquisition had occurred on 1 April 2014, consolidated revenue and consolidated loss for the year ended 31 March 2015 would have been HK$561,529,000 and HK$253,309,000 respectively.

(b) Acquisition of DigiSmart Group

On 28 November 2014, the Group acquired the entire equity interest and shareholder's loan in DigiSmart for an initial consideration of HK$200,000,000 and an earn-out consideration of up to HK$80,000,000 (the "DigiSmart Acquisition"). DigiSmart Group are principally engaged in digital technology business and education business. The acquisition was made to strengthen the Group's existing business portfolio and to enable the Group to engage in a new line of business with growth potential and broaden its source of revenue.

The initial consideration was settled by i) HK$15,000,000 in cash; and ii) the Company's issue of 79,467,353 new shares of the Company credited as fully paid. The amount of earn-out consideration payable to the vendors is calculated as the excess of the DigiSmart Actual Profit (as defined below) over the DigiSmart Profit Guarantee (as defined below) multiplied by 20. The earn-out consideration is to be settled by the Company's allotment and issue of new shares of the Company at the issue price of HK$2.328 each. The possible range of face value of the earn-out consideration is between nil and HK$80,000,000 and the possible range of number of new shares of the Company to be issued for settlement of the earn-out consideration is between nil and 34,364,261.

In addition, as part of the DigiSmart Acquisition, if the actual audited consolidated net profit after tax and before all non-cash items of DigiSmart Group for the year ending 31 December 2015 (the "DigiSmart Actual Profit), is less than HK$10,000,000 (the "DigiSmart Profit Guarantee"), the vendors will compensate the Group for the shortfall on a dollar for dollar basis for an amount equivalent to the difference between the DigiSmart Profit Guarantee and the DigiSmart Actual Profit multiplied by 20 times. The possible range of compensation is between nil and HK$200,000,000.

Further details are set out in the Company's announcement dated 16 October 2014 and 28 November 2014, and Company's circular dated 7 November 2014.

40. Acquisitions of Subsidiaries *(Continued)*

(b) Acquisition of DigiSmart Group *(Continued)*

The following table summarises the consideration paid for the DigiSmart Acquisition and the fair value of assets and liabilities, recognised at the acquisition date:

	HK$'000
Consideration	
Cash paid	15,000
Fair value of Consideration Shares	232,839
Less: contingent consideration receivable	(23,130)
Total	224,709
Recognised amounts of identified assets acquired and liabilities assumed:	
License agreements	55,006
Properties, plant and equipments	49
Trade receivables	539
Prepayments, deposits and other receivables	3,425
Cash and banks	7,091
Inventories	136
Trade payables	(2,749)
Accrual and other payables	(2,355)
Tax payable	(932)
Customer deposits	(1,373)
Deferred tax liabilities	(9,080)
Shareholder's loan	(5,770)
	43,987
Add: Assignment of the shareholder's loan	5,770
	49,757
Goodwill	174,952
	224,709
Acquisition related costs (included in other expenses)	1,331
Cash consideration	15,000
Cash and banks in subsidiaries acquired	(7,091)
Cash outflows on acquisition	7,909

The acquired business contributed revenue of HK$9,897,000 and net profit of HK$2,609,000 for the period from 28 November 2014 to 31 March 2015. If the acquisition had occured on 1 April 2014, consolidated revenue and consolidated loss for the year ended 31 March 2015 would have been HK$560,810,000 and HK$252,705,000 respectively.

40. Acquisitions of Subsidiaries *(Continued)*

(c) Acquisition of China Coal

On 16 April 2013, the Group completed the acquisition of the entire equity interest in China Coal which held 90% equity interest in China Coal Alliances from Mr. Woo, a director of one of the Company's subsidiaries, for a nominal consideration of HK$36,000,000. The consideration was settled as follows: (i) HK$4,000,000 was satisfied by the Company's issue of a promissory note in principal amount of HK$4,000,000 in favour of Mr. Woo which shall be held by the Group until the Profit Guarantee (as defined below) is satisfied; (ii) HK$3,240,000 was paid in cash by the Group; and (iii) HK$28,760,000 was satisfied by the Company's issue of 17,536,585 new shares of the Company. The China Coal Group is engaged in the Coal Business, and it is acquired to diversify the business of the Group in order to maximise returns of the Group.

In addition, as part of the acquisition, for the period from 1 April 2013 to 31 March 2014, if the actual net profit after tax and before any extraordinary items and before all non-cash items (as defined in the HKFRSs) of China Coal Alliances (the "China Coal Actual Profit"), is less than HK$4,000,000 (the "China Coal Profit Guarantee"), Mr. Woo will compensate the Group for the shortfall by setting off against the payment obligations of the Company under the Promissory Note on a dollar to dollar basis for an amount equivalent to the difference between the China Coal Profit Guarantee and the China Coal Actual Profit.

In the opinion of the Directors, the estimated fair value of the contingent consideration receivable is not significant at the date of acquisition and 31 March 2014. Pursuant to the Company's announcement dated 13 June 2014, the China Coal Profit Guarantee has been fulfilled.

The following table summarises the consideration paid for the acquisition of China Coal and the fair value of assets and liabilities, recognised at the acquisition date:

	HK$'000
Consideration	
Fair value of Promissory Note	3,359
Cash paid	3,240
Fair value of shares issued	36,476
Total	43,075
Coal Sales Contract (included in other intangible assets)	57,346
Other receivables	87
Other payables	(9)
Deferred tax liabilities	(9,462)
	47,962
Non-controlling interests	(4,887)
	43,075
Net cash outflow on acquisition	
Consideration settled in cash	3,240

40. Acquisitions of Subsidiaries *(Continued)*

(c) Acquisition of China Coal *(Continued)*

The acquired coal business has contributed revenue of the Group and net profit attributable to owners of the Company of approximately HK$131,654,000 and HK$3,679,000 respectively, for the current year. If the acquisition had occurred on 1 April 2013, it would have no significant effect on the consolidated revenue and loss of the Group for the year shown in the consolidated statement of comprehensive income.

41. Dissolution of a Subsidiary

On 3 January 2014, the Group dissolved Think Medical Science (HK) Company Limited pursuant to Section 291AA(9) of the Hong Kong Companies Ordinance.

	HK$'000
Cash received	–
Analysis of assets and liabilities of the subsidiary dissolved	
Receivable from a non-controlling shareholder	147
Loss on dissolution of a subsidiary	147

42. Significant Events After the Reporting Period

Major transaction in relation to the disposal of the entire equity interest and shareholder's loan in Sino-Singapore (Offshore) Chemical Resources Trading Company Limited ("Sino-Singapore")

On 24 June 2015, the Group, through a wholly-owned subsidiary, had entered into a conditional sale and purchase agreement to dispose of the entire equity interest and shareholder's loan in Sino-Singapore to a purchaser who is an independent third party to the Group for a total consideration of HK$16 million which will be settled by cash upon completion.

The shareholder's loan owing by Sino-Singapore to the Group at completion and all obligations, liabilities and debts owing or incurred by Sino-Singapore to the Group on or at any time prior to completion whether, contingent or deferred and irrespective of whether or not the same is due and payable on completion, which as at 31 May 2015 amounted to approximately HK$84.34 million.

The consideration was determined after arm's length negotiations between the Group and the purchaser with reference to (i) the latest unaudited consolidated net liabilities of Sino-Singapore; (ii) the amount of the shareholder's loan; and (iii) the business prospect of Sino-Singapore.

Completion of the transaction is subject to the conditions precedent have been fulfilled or waived on or before 31 August 2015.

The Group is expected to record a gain on disposal of approximately HK$0.6 million and the Group intends to use the net proceeds from the disposal as general working capital of the Group.

Details of the disposal is set out in the announcement of the Company dated 24 June 2015.

Financial Summary

Results

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**550,237**	581,271	565,152	259,094	426,272
(Loss) profit for the year	**(259,125)**	(137,428)	6,802	(35,105)	54,925
Total comprehensive income for the year attributable to owners of the Company	**(252,409)**	(134,399)	5,793	(28,495)	57,179

Assets and Liabilities

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,161,296**	627,135	518,072	428,965	465,087
Total liabilities	**(553,004)**	(237,189)	(122,038)	(38,374)	(27,316)
Net assets	**608,292**	389,946	396,034	390,591	437,771